Annual Report *of the* Federal Security Agency

SECTION SIX

Social Security Board

1946

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SECTION
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Social Security Board

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FEDERAL SECURITY AGENCY

WATSON B. MILLER, *Administrator*

SOCIAL SECURITY BOARD

ARTHUR J. ALTMEYER, *Chairman*

GEORGE E. BIGGE

ELLEN S. WOODWARD

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LETTER OF TRANSMITTAL

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY BOARD,
Washington 25, D. C., June 30, 1946.

The Honorable WATSON B. MILLER,
Federal Security Administrator.

DEAR MR. MILLER:

The Social Security Board has the honor of transmitting its annual report for the fiscal year ended June 30, 1946, for submission to the Congress as required by section 704 of the Social Security Act.

In this, the eleventh and last report of the organization established by the Social Security Act of 1935, the Board restates its recommendations for strengthening the social security program and indicates in detail the basis for improving the existing provisions in the light of more than a decade of experience in social security administration. These recommendations, summarized on pages 425–431 of the report, are made in accordance with section 702 of the Social Security Act, which provides that the Board shall have the duty of "studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy" in this and related fields.

The Board believes that its proposals are sound, feasible, and urgent, and in accord with American traditions of free enterprise and equality of opportunity for all people of the United States.

Respectfully submitted,

ARTHUR J. ALTMEYER, *Chairman.*
GEORGE E. BIGGE.
ELLEN S. WOODWARD.

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SECTION SIX

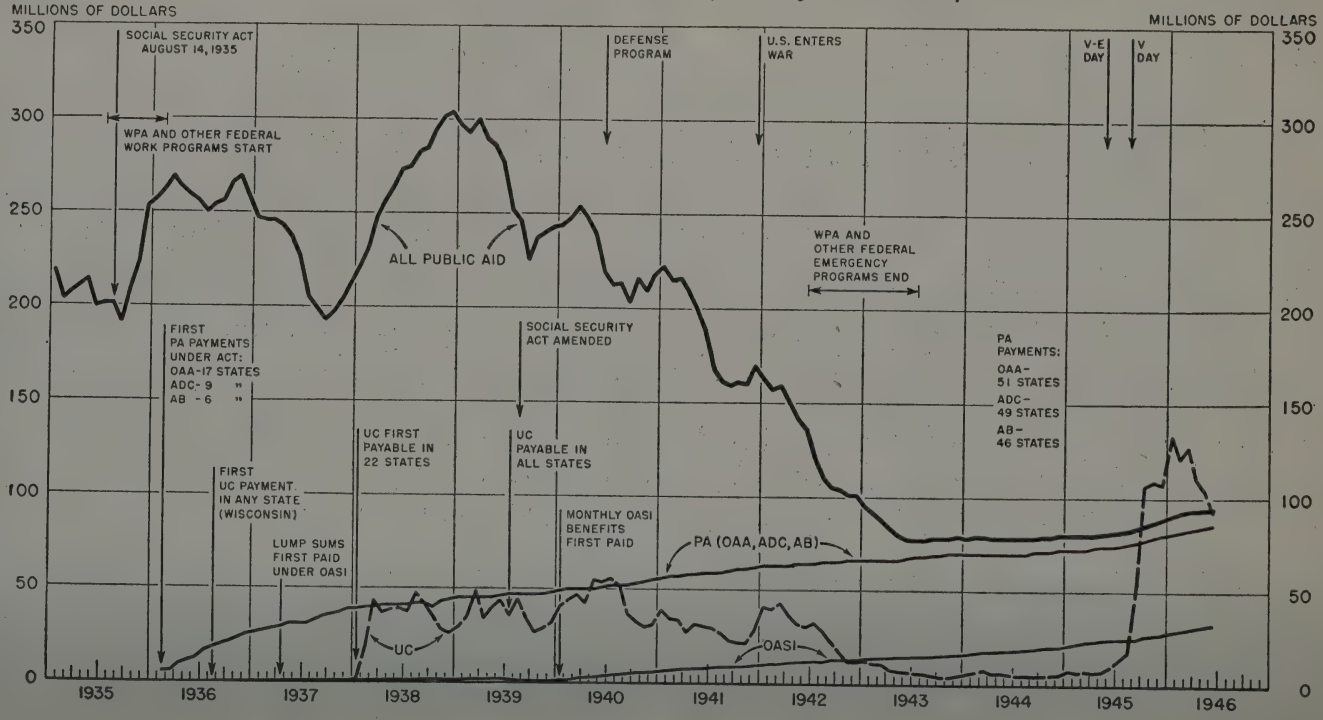
SOCIAL SECURITY BOARD

SOCIAL SECURITY IN A YEAR OF TRANSITION

OPENING WITH VICTORY OVER JAPAN, the fiscal year 1945–46 was a year of transition to peace. The United States dismantled the mighty arsenal from which weapons had been shipped and flown to all parts of the globe, and sent home to civilian life most of the millions of men whom it had mustered for battle. In the vast reshuffling of manpower entailed by economic and military demobilization, social security programs provided means of forestalling or alleviating distress and family disorganization that had not been available after any previous war in the Nation's history. For millions of war workers who were laid off, unemployment insurance benefits helped to bridge the change-over to peacetime jobs. Many aged workers and many widows were able to turn to old-age and survivors insurance as a source of basic, assured income when they were let out as the pressure of wartime labor shortages lifted. For some households in which unemployed workers were without sufficient wage credits to qualify for social insurance benefits, public assistance provided a recourse against privations that, in other times, had to be accepted as an inevitable concomitant of postwar readjustment. Public assistance was also available to many families that, during the war, had depended on servicemen's allowances or on aid from relatives who no longer could continue it.

The three major programs with which the Social Security Board has been concerned—the Federal system of old-age and survivors insurance and the Federal-State programs of unemployment insurance and public assistance—have thus played an important part in helping to combat insecurity arising from or aggravated by the reconversion. In the Social Security Act of 1935, however, and its extension in 1939, Congress and the President had regard primarily for the continuing risks of insecurity that normally confront American families year in and year out. They considered the present provisions of the social security law as a foundation on which, with time and experience, a stronger, more comprehensive program would be built. The first 11 years of administration of the Social Security Act showed the sound-

CHART 1.—*Payments for all public aid (public assistance and Federal work programs) and for public assistance and social insurance under the Social Security Act, January 1935–June 1946*



ness of its objectives, the feasibility of attacking insecurity through social insurance and public assistance, and the general public acceptance of these means of helping to maintain the economic independence of families in the United States. Experience in actual operations also showed that it is both necessary and feasible to strengthen and extend the existing program and to link it more closely with other measures to promote the well-being of families and of the Nation.

In May 1946, in Reorganization Plan No. 2, President Truman proposed that such an integration and development be facilitated through transfer to the Federal Security Administrator of the functions of the Social Security Board and its Chairman, and of certain responsibilities for health and welfare that had been lodged in governmental units outside the Federal Security Agency. At the same time, the Social Security Board, a three-member policy-making body responsible to the Administrator, would be abolished.[1] This annual report, the last to be made by the Social Security Board, therefore not only summarizes operations administered by the Board during the fiscal year but also outlines briefly general views on social security objectives and means of attaining them that have been developed over more than a decade in the course of operations and analyses for which the Board was responsible under the Social Security Act.

In the opinion of the Board, no time should be lost in taking every feasible step to extend the present protection of the social security program to all households in the United States, and to wipe out limitations and inequities that can no longer be justified by logic or necessity. Likewise, the Board believes, the present offers an exceptional opportunity to extend the scope of the program and remedy its inadequacies. For a people, as for an individual, it is prudent to provide in good times against adversities that almost surely will arise sooner or later.

Summary of Recommendations

During the fiscal year, extensive hearings on social security problems and proposals were held by congressional committees of both the Senate and the House. These hearings dealt with emergency situations created or accentuated by wartime developments and with basic extension and improvement of the social security program. Many proposals for changes in the program were laid before Congress during the fiscal year, but at the end of the year it seemed probable that the pressure of immediate emergencies in national affairs would preclude comprehensive legislation on social security at the current legislative session.[2]

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[1] Reorganization Plan No. 2 became effective July 16, 1946.

[2] For a summary of subsequent Federal legislation, see pp. 517–522.

In its *Tenth Annual Report*, the Social Security Board briefly summarized the recommendations dictated by experience and study of a decade. Developments during the eleventh year, outlined in the following pages and subsequent chapters of this report, have continued, in the opinion of the Board, to evidence the need and feasibility of the major changes previously recommended. No matter how great the Nation's future success in maintaining high levels of employment and earnings, families will have to meet the risks to security arising from the interruption or permanent loss of earnings in disability and old age, and in at least the "frictional" unemployment that reflects change and development in a dynamic economy. Future progress in improving health and preventing needless suffering and premature death will depend largely on the ability of all the population to obtain adequate individualized services for the attainment of maximum physical and mental efficiency and for the diagnosis and care of sickness.

More than a century ago, a committee in the British House of Commons pointed out the most economical way of guarding against risks that face large numbers of the population. "Whenever there is a contingency," the committee declared, "the cheapest way of providing against it is by uniting with others, so that each man may subject himself to a small deprivation, in order that no man may be subjected to a great loss. He, upon whom the contingency does not fall, does not get his money back again, nor does he get for it any visible or tangible benefit; but he obtains security against ruin and consequent peace of mind. He, upon whom the contingency does fall, gets all that those, whom fortune has exempted from it, have lost in hard money, and is thus enabled to sustain an event which would otherwise overwhelm him."

This is the principle on which social insurance is founded, with the added consideration that social insurance not only protects the individual but also, through benefiting large groups and contributing to the morale of still larger numbers, helps to assure the security and development of the Nation as a whole. Insurance has long been accepted by Americans as a method of guarding against risks to their individual lives and possessions. Social insurance in the United States, at the end of little more than a decade, has proved its feasibility and value as a means of enabling millions of persons to attain a basic minimum of protection that would not have been available to them in any other way. The war years showed dramatically that the overwhelming majority of Americans prefer jobs to insurance benefits or assistance. At the same time, industry and the economy in general benefit from the greater sense of confidence that exists when workers know they will have some means of livelihood if age or other circum-

stance beyond their control cuts off their ability to earn. Assurance of a basic minimum protection in adversity stimulates rather than destroys the interest of individuals in making what additional provision they can for themselves; any savings they can put by and any additional insurance they can purchase individually become more worth while.

The Board believes that comprehensive and adequate provision for contributory social insurance is essential to national and individual security in the circumstances of modern life. It believes also that such provisions preserve the traditions of democracy and individual enterprise that the United States has cherished since its founding. Social insurance can make it possible for the great majority of all families to maintain their economic independence when they meet with common risks over which they have little or no individual control.

At the same time, there is and will continue to be need for comprehensive and adequate provision for public assistance. Even under complete coverage of risks and of population, some families will fail to qualify for insurance benefits and will require public assistance. Benefit scales under an insurance program, furthermore, are necessarily designed in accordance with the usual circumstances of beneficiaries and the funds available to the system from contributions. Since some individuals and families will meet with a catastrophe or series of catastrophes in which their requirements exceed the benefits for which they qualify, they may need supplementary assistance.

A Comprehensive Program of Social Security

To attain the objectives of a social security program, the Board believes, social insurance and public assistance, separately or in combination, must provide against all common hazards to livelihood among all groups of the population. Our present provision for social security in the United States is seriously deficient in both these respects. Moreover, existing arrangements to safeguard or enhance the economic security of families and individuals have grown up at different times and places and for various separate groups. As a result, the character and extent of present protection, when it exists, differ greatly for persons in essentially similar circumstances. Our social and political traditions as a democracy and the continuing progress of our free competitive economy require, in the opinion of the Board, a broader, sounder, and more equitable basis for ensuring individual and national well-being. To this end, the Social Security Board recommends the establishment of:

A comprehensive basic national system of contributory social insurance, covering all major risks to economic independence and all workers and their dependents threatened by such risks. The program would include insurance against wage loss in periods of

disability and against costs of medical care, for which no general provision now exists in the United States, as well as old-age and survivors insurance and unemployment insurance, with benefits related to past earnings and with provision for additional benefits for dependents. It would be designed to close existing gaps in the coverage of both persons and risks, to remove present inequities in the protection of workers and the financial burdens of employers, and to provide a consistent relationship among insurance provisions for the various risks and between provisions of the basic system and of supplementary special systems for particular groups. As compared with separate programs to meet particular risks, such a system would reduce administrative cost and reporting burdens and simplify arrangements as they affect workers, employers, and public agencies.

A comprehensive program of public assistance, on a Federal-State basis, under which payments and services financed from Federal and State funds would be available to any needy person in the United States, irrespective of the reason for need or the place of residence. The Federal financial contribution to such a program should be designed to remove the great disparities now existing in the treatment of various classes of needy persons and to reduce the disparities in the treatment of persons who are in like circumstances but live in different parts of the country. It should also be designed to remove serious present inequities in the relative burdens borne by States and localities in financing public assistance.

Recommendations for particular programs, most of which are discussed in greater detail in subsequent chapters of this report, are, in summary:[3]

Old-Age and Survivors Insurance

Coverage of all gainful workers, including agricultural and domestic employees, public employees and employees of nonprofit organizations, railroad employees, and self-employed persons, including farmers and small businessmen.

Legislation to prevent servicemen from losing the protection of the old-age and survivors insurance system because of service in the armed forces.

Reduction of the qualifying age for all women beneficiaries from 65 to 60 years.

Changes in the average monthly wage and benefit formula to increase benefit amounts, particularly for low-paid workers.

---

[3] For a summary statement of legislation after the close of the fiscal year that bears on some recommendations, see pp. 517–522.

Increase from $3,000 to $3,600 a year in the maximum amount of earnings which are subject to contribution and counted in computation of benefits.

Increase in the amount of earnings a beneficiary may receive in covered employment without suspension of benefits.

Greater uniformity in defining, for purposes of the insurance system, family relations and conditions of dependency that qualify members of a worker's family for benefits.

Benefits during periods of extended or permanent disability, like those for old-age retirement.

Provision for ensuring uniformity in coverage decisions relating to liability for contributions and eligibility for benefits, which are based on identical language in the Social Security Act and Internal Revenue Code but are made by two separate Federal agencies—the Bureau of Internal Revenue and the Board.

Adoption of a long-range plan for financing old-age and survivors insurance which looks toward an eventual tripartite division of costs among employers, employees, and the Government.

Unemployment Insurance

Extension of the Federal Unemployment Tax Act to all employers of one or more workers in covered industries and to many excepted employments.

Provision, under Federal law, of unemployment benefits for seamen and for employees of the Federal Government on a uniform basis irrespective of the State in which they have worked.

If a Federal-State system of unemployment insurance is continued:

Abolition of the credit-offset features of the present tax and substitution of a straight Federal tax of 1 percent of covered pay rolls, from the proceeds of which matching Federal grants to the States would be made for both benefits and administration.

Provision for minimum benefit standards as a condition of tax-offset credit (including additional credits). Among such standards would be:

Extension of unemployment insurance coverage to all employees in industries covered by the Federal tax.

Provision of a *maximum* weekly benefit amount of at least $25 for the worker with dependents, for workers whose past earnings entitle them to the maximum.

Provision of as much as 26 weeks' duration of benefits for all workers eligible for benefits whose unemployment extends over so long a period.

Provision that disqualifications for voluntary leaving without good cause, discharge for misconduct, or refusal of suitable work

should entail only postponement of benefits for not more than 4 weeks rather than cancellation of benefit rights or reduction of benefits.

Definition of good cause for voluntary leaving or for refusing suitable work to include good personal reasons, not merely causes attributable to the job or the employer.

If the credit-offset feature of the present tax is retained, reduction of the tax to 2 percent and change in the additional-credit provisions so that employers may obtain rate reductions either through experience rating, State-wide reduction, or some other method.

If minimum benefit standards are adopted, permanent provision through a reinsurance fund—rather than loans, as now temporarily provided—for States whose unemployment funds are low.

Additional Insurance Provisions

Provision under Federal law for cash benefits to insured workers and their dependents during both temporary disability (less than 6 months) and extended disability (6 months and over).

Insurance against costs of medical care, including payments to physicians, dentists, nurses, hospitals, and laboratories, with provision for decentralization of administration and utilization of State administration.

Public Assistance

Special Federal aid to low-income States for assistance, administration, and welfare services to enable States with relatively low economic resources to develop adequate public welfare programs.

State distribution of available Federal and State funds to localities in accordance with their needs.

Deletion of the Federal matching maximums for individual payments of aid to dependent children, and deletion or increase of such maximums for old-age assistance and aid to the blind.

Federal grants-in-aid to States for general assistance to any needy person, irrespective of the cause of his need, as well as for old-age assistance, aid to the blind, and aid to dependent children.

Extension of aid to dependent children to permit Federal participation in assistance to a parent or other person assuming responsibility for any child who is living in a family home and is needy for any reason whatsoever. Substantially the same objective could be achieved through the Board's recommendation on Federal financial participation in general assistance. One or both changes, however, are urgently needed to assure more nearly adequate provision for needy children. In addition, Federal financial participation should

be available, under appropriate auspices, in the cost of foster-family care for children who have no parent able to care for them.

Abolition of State residence and citizenship requirements as a condition of eligibility for assistance under State plans approved under the Social Security Act.

Elimination, as a condition of Federal grants, of State requirements for transferring title or control of property by an applicant or recipient to the State or locality. This action would not preclude any agency from claiming from the estate of a deceased recipient recovery of assistance formerly paid.

Extension of Federal grants-in-aid for all assistance programs to Puerto Rico and the Virgin Islands.

Federal financial participation in the costs of medical services made available to needy persons under State public assistance programs and in assistance payments to needy sick persons who reside in public or private medical institutions other than mental hospitals and tuberculosis sanatoria.

Federal financial participation in all types of welfare services administered by the staff of the public welfare agency to help families and individuals become self-supporting, make fuller use of community resources, or solve individual problems in family or community adjustments. Such services should be available, when requested, to recipients of assistance and to others not needing or requesting financial aid.

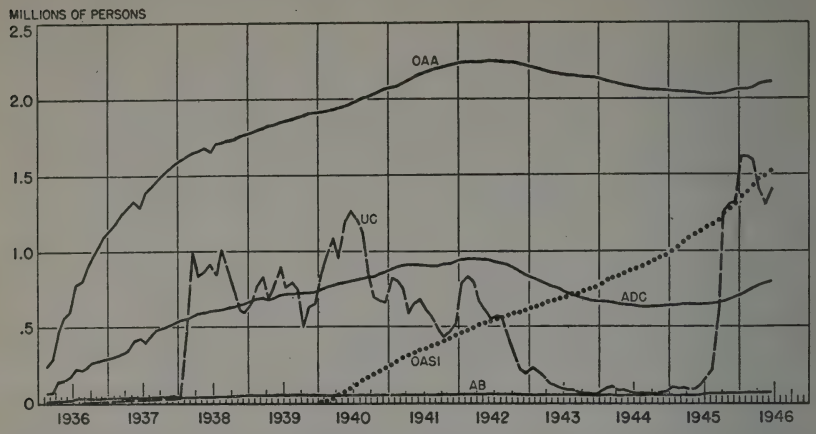
Definition by the States of the content of living to be afforded needy persons through assistance and their own resources, if any, and the development by States of standards that will assure equitable treatment of needy persons throughout the State. Consideration by the States, in determining the amount of assistance, only of resources actually available to the individual.

Unification of the administration of State public assistance programs at both State and local levels as a condition of Federal grants.

Social Security Risks and Resources in 1945–46

Fortunately for the Nation, the shift from war to peace was achieved more rapidly and with less strain than many persons had anticipated. Unemployment increased in 1945–46, but it exceeded only slightly the volume that in normal times reflects the movement of workers between jobs. The flow of income to individuals, essential to the maintenance of purchasing power and general economic equilibrium, dropped only negligibly. Provisions for family security in the transition year 1945–46 gave varying protection against wage loss. Most unemployment was compensated under State unemployment compensation laws and the Servicemen's Readjustment Act. Social

CHART 2.—*Social insurance beneficiaries and public assistance recipients under the Social Security Act, February 1936–June 1946* [1]



[1] Excludes persons receiving lump-sum payments under the old-age and survivors insurance program.

insurance and related benefits were paid in June 1946 to about one-fourth of the aged persons and widows under age 65 who were not receiving wage income, and to about one-fifth of the children under age 18 whose fathers had died. Relatively few families in the United States had insurance protection against economic risks arising from sickness and disability. The inadequacy of the protection of family security reflected in part the absence of provision against certain hazards, and in part the restricted coverage and immaturity of programs established too recently to reach more than a minor segment of the population for whom the risk had already occurred. As a result, public assistance assumed burdens out of proportion to its place in a fully developed program of family security.

Unemployment

Unemployment was the economic risk which caused the most acute concern as the war drew to a close. The long depression of the 1930's had shown the price paid in human waste and suffering when jobs are lacking. About 2 million war jobs were terminated between VE-day and V-day, and about 10 million in the year that followed Japan's surrender. Some 11 million men discharged from the armed forces entered the civilian labor force during the same period. The very substantial accretions to the supply of labor available for peacetime production and services did not, however, result in large-scale unemployment. From August 1945 to March 1946, the peak month in the fiscal year, the number of unemployed persons more than tripled, but in June the level of unemployment was still below that of any month between 1930 and the middle of 1942. The availability of

purchasing power through payments to veterans, social insurance and assistance programs, and wartime savings helped avert secondary unemployment by maintaining public confidence and bridging over the readjustments necessary for many individuals and families.

For the majority of workers who lost their war jobs, unemployment was brief. About one-fourth of the unemployed persons interviewed in February by Census Bureau representatives had been seeking jobs for less than a month, and 30 percent, from 1 to 2 months. Most of the unemployed, moreover, were eligible for unemployment benefits. The average weekly number of beneficiaries under State unemployment insurance laws increased from less than 200,000 in July 1945, before the Japanese surrender, to 1.6 million in March 1946, the month of highest unemployment. Over the same period the average weekly number of veterans receiving Federal readjustment allowances for unemployment rose from about 38,500 to 1.5 million. Together, these two programs compensated for most of the unemployment experienced during the year. At no time in the Nation's history did so large a proportion of the unemployed have assured means of replacing part of their loss of earnings.

Old Age

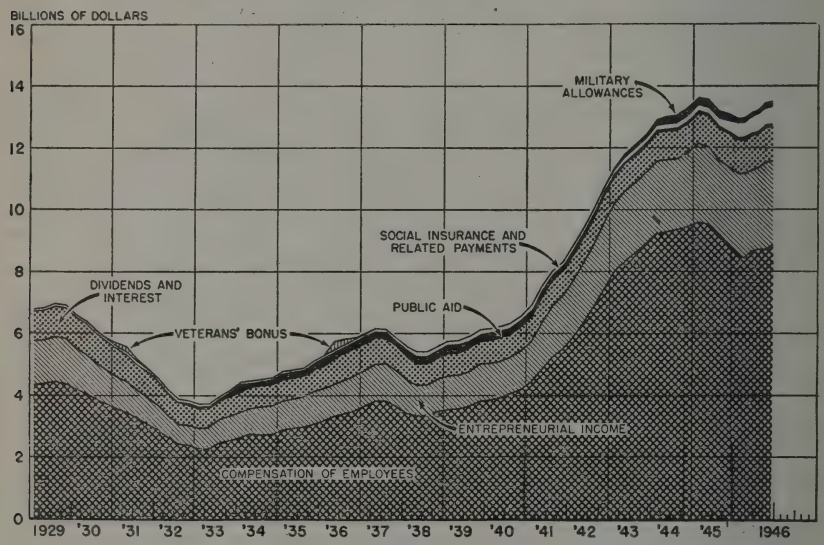
Among the 6.8 million persons aged 65 or over in June 1946 who were without income from employment, 1.3 million or about one in five were beneficiaries of old-age and survivors insurance or of the special public retirement systems for railroad and government workers. Though this proportion was higher in 1945–46 than in any previous year, it fell far short of the objectives of social security. Recipients of old-age assistance, which Congress had established in 1935 as a transitional and eventually a residual program only, outnumbered aged insurance beneficiaries, especially among women. A program like old-age and survivors insurance, which pays benefits on the basis of eligibility acquired through earnings over a period of time after the insurance system begins, builds up a beneficiary load gradually. Meanwhile, however, the potential benefit rights that are accumulating will furnish income in old age to many millions of persons now in their active working years.

Many other workers who have contributed to the program, on the other hand, may never become eligible for benefits because their years of covered employment were interrupted by service in the armed forces or other branches of the Federal Government or because of their postwar return to excluded occupations. Wartime shifts from one kind of job to another differed only in magnitude from the mobility characteristic of the American labor force in peacetime; the loss of, or failure to gain, insured status that resulted from these shifts was only an aggravated phase of the continuing problem resulting

from limitations of coverage of the social insurance system. Because about two jobs in five are excluded from old-age and survivors insurance, millions of workers may be expected to reach old age without eligibility for benefits or with smaller benefits than they would have had if all their earnings could have been credited. Extension of old-age and survivors insurance coverage to all workers and coordination of special systems for railroad, government, and other employees with this basic Federal system are essentials for adequate protection of the aged.

During the fiscal year, the most rapid increase in beneficiaries of old-age and survivors insurance was in the number of retired workers, reflecting the decline in their job opportunities. Principally because of this rise in number of primary beneficiaries, the total number of aged beneficiaries of old-age and survivors insurance in June 1946 comprised a larger proportion of the total aged population than at

CHART 3.—*Income payments to individuals, January 1929–June 1946*[1]



[1] Monthly average for each quarter, 1929–45; monthly data thereafter.
Source: Department of Commerce, Office of Business Economics.

the end of any previous fiscal year—9 percent of the estimated 10.4 million persons aged 65 and over. Perhaps another 650,000, or about 6 percent of the aged population, were on the rolls of related public programs that provide benefits on the basis of the individual's record of past employment or military service—the Federal railroad retirement system; Federal, State, and local retirement plans for public employees; and the veterans' program. More than 2 million old people, or about 20 percent of the total, were receiving old-age assist-

ance. This last group, after declining in number from 1942 through the summer of 1945, began to increase again in the autumn of 1945. The rise during 1945–46 was smaller, however, than the increase in aged persons on the old-age and survivors insurance rolls. From June 1940 to June 1946 the ratio of aged recipients of assistance to aged insurance beneficiaries dropped from 25 to a little more than 2. The decline is significant for the future relationships of the two programs.

About 6.6 million aged persons, or 64 percent of the total, were not benefiting directly from public assistance or retirement programs in June 1946. Some 3.6 million were supported by income from employment, as earners or the wives of earners. The remaining 3 million, including some 2.4 million women, mostly widows, were supported by income from other sources—commercial annuities, industrial pensions, savings, or investments—or were receiving institutional care or private charity or aid from friends or relatives. As the old-age and survivors insurance system matures and as coverage is expanded, dependency among members of the last group, as well as the assistance group, may be expected to decline.

Death of the Breadwinner

In 1945–46, as in earlier years, most widows and fatherless children were outside the scope of old-age and survivors insurance because they had lost husband or father before the program began or before the worker could acquire insured status under the Social Security Act. At the end of the fiscal year, 129,000 widows with children under age 18 were receiving survivor benefits under the program. At the beginning of July 1946, however, half or more of the families with children under age 18 in the United States had potential rights to survivor benefits under the program, since the 43 million workers who had insured status under the system, as of that date, included about two-thirds of the married men in the population with children under age 18. The death of any of these married men with insured status could give rise to survivor benefits for their widows and children. Over the years, when these children are growing up, the amounts payable to a family may total thousands of dollars. Together with any other resources left by the wage earner—such as an equity in the home or payments under a commercial insurance policy, ordinarily in small amounts—benefits frequently are the means of enabling a widow to remain at home while young children require her care and to give them a fair start in life. The value of the survivor protection that families had built up under the Federal old-age and survivors insurance system was the equivalent of more than $50 billion in term life insurance. Some of the protection acquired in recent years may not be maintained unless the coverage of the system is extended.

Survivor benefits under the Social Security Act are not payable to a widow under age 65 unless she has a child or children of the de-

ceased worker in her care; at age 65, a widow of a fully insured worker becomes eligible for an old-age benefit if she has not remarried. Since the widow of a veteran who died of service-connected causes receives a benefit whether or not she has children, the number of younger widows in receipt of veterans' benefits was more than twice the number receiving survivor benefits under the Social Security Act. The widows under age 65 in the United States who were receiving payments under old-age and survivors insurance in June 1946 constituted about 4 percent of all widows in that age group. Another 10 percent had benefits under related public programs, mostly the veterans' program, and about 3 percent were receiving public assistance. A little more than half were working, and about 30 percent were living on savings, commercial insurance, survivor annuities paid by private industry, investments, or other assets, or were being aided by friends or relatives or private philanthropy.

Of all fatherless children under age 18, about 15 percent were receiving child's benefits under old-age and survivors insurance, 7–8 percent were beneficiaries of the veterans' program, and almost 10 percent were receiving aid to dependent children. About 10 percent of all fatherless children were working, and 3 percent were cared for in foster homes or institutions. Perhaps 6 in 10 were living with and being supported by the earnings of the mother or some other relative.

In relation to public assistance, social insurance and related programs now represent a much more important source of support for surviving dependents than for the aged. In June 1946, aged recipients of public assistance were half again as numerous as aged beneficiaries of social insurance and related programs, including the veterans' program. Among children who had lost a father, on the other hand, two were receiving social insurance or related benefits for each one on the assistance rolls, and among widows under age 65 there were five on the rolls of the social insurance and related programs for each one on the assistance rolls. The extent to which social insurance has replaced assistance, or obviated the need for assistance, varies considerably, however, in different parts of the country. In six industrialized high-income States—California, Connecticut, Delaware, New Jersey, Ohio, and Oregon—more children were entitled to survivors insurance benefits at the end of 1945 than were on the rolls for aid to dependent children. In contrast, in seven relatively rural States—Colorado, Louisiana, New Mexico, North Dakota, Oklahoma, South Dakota, and Tennessee—at least three times as many children were receiving assistance as were on the rolls of the Federal insurance system. Because the coverage of old-age and survivors insurance is limited to industrial and commercial jobs, insurance benefits have replaced assistance to a greater extent in industrialized States than in places where agriculture predominates. Conversely, many farm

States and communities—where per capita income is usually low and fiscal resources are limited—carry relatively heavier burdens for aid to needy old people and children than do richer areas.

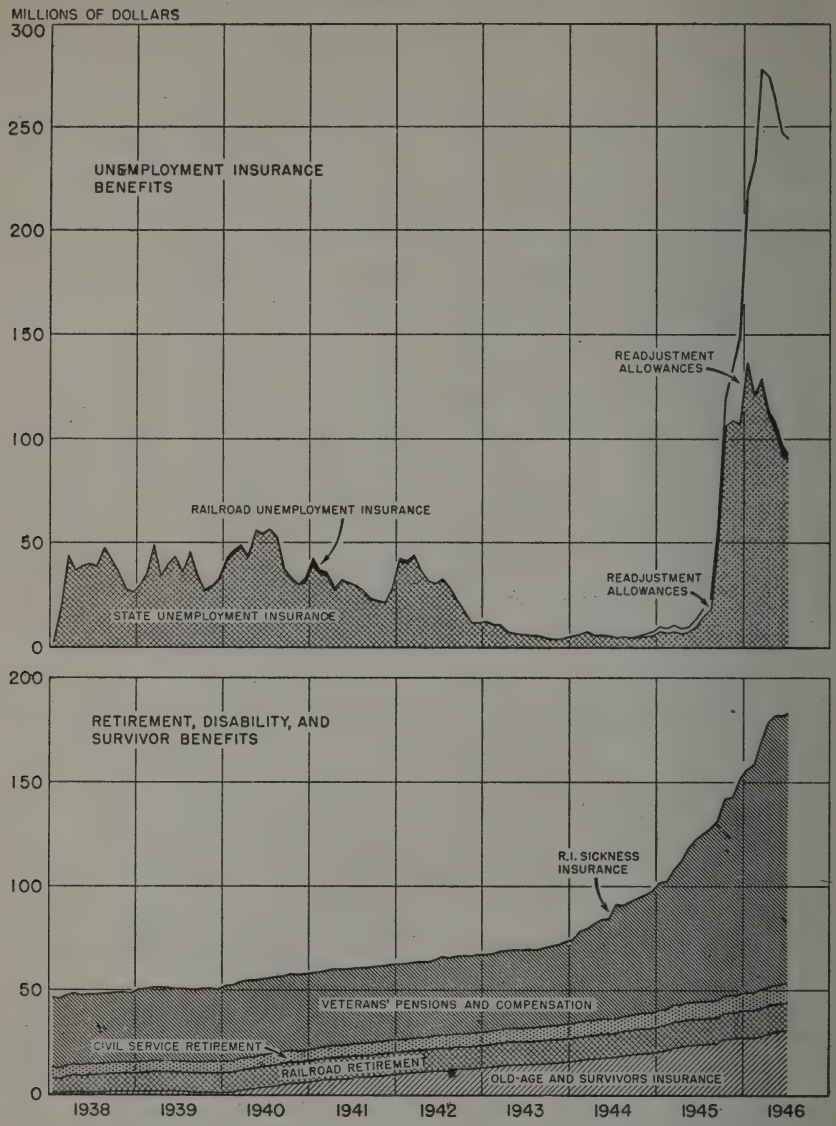
Disability

Social insurance benefits are available to relatively few of the daily average of 2 million or more disabled persons who have recently been in the labor force and, but for their incapacity, would be working or looking for work. Most of the wage loss due to disability is uncompensated. In ordinary years, the wage loss from disabilities lasting less than 6 months and the first 6 months' loss in extended disabilities amount to about $3–4 billion. For the families affected, the consequences in lowered living standards—and in many instances, sheer deprivation—are likely to be felt over a long period of time.

Wage loss due to work-connected injury or illness was the first to be compensated in this country on a social insurance basis. In 1945–46 a monthly average of somewhat more than 30 million workers in industrial and commercial employments were covered by workmen's compensation. Conditions of work-connected origin, however, apparently account for less than 10 percent of the wage loss attributable to disability. Since 1943, Rhode Island, under its temporary disability program, has been compensating wage loss due to any sickness or disabling condition among workers covered by its unemployment insurance program; in California, payments under a recently adopted disability insurance program are scheduled to begin in December 1946. No similar public provision exists in other States. Excepting payments to disabled veterans, the only public provisions for compensating permanent disability resulting from a non-work-connected cause are the somewhat restricted programs for railroad and government employees. Private provision is available in the form of commercial insurance, but most insurance companies have discontinued the issuance of extended disability policies and few workers are able to afford the relatively high cost of temporary disability policies.

In June 1946 about 2 million veterans were receiving disability compensation or pensions, of whom about one-fourth had a disability rating of 80 percent or more. Persons receiving disability pensions or annuities under the railroad retirement program numbered about 40,000, and about 50,000 drew disability benefits under retirement systems for Federal, State, and local government employees; both these totals include some persons aged 65 and over. One effect of the lack of a general disability insurance program has been a relatively large representation of the disabled on the public assistance rolls. Recipients of aid to the blind in June 1946 numbered 74,000. The families of about 65,000–70,000 incapacitated men received aid to dependent children,

CHART 4.—*Payments under selected social insurance and related programs, January 1938–June 1946*



and the 278,000 cases receiving general assistance included many adults whose working capacity was seriously impaired by disability. Many others, of course, including disabled persons who had never been able to work or had been out of the labor market for a long time, represented a heavy charge on public funds for institutional care.

Medical Care

In the first full-length Executive message on the subject in American history, President Truman on November 19, 1945, proposed a five-point program for the construction of additional hospitals and related facilities; the expansion of public health and maternal and child health services; governmental aid for medical education and research; the prepayment of medical care costs through a comprehensive health insurance program; and protection against the loss of wages from sickness and disability.

Great strides have been made in the United States in the last few decades in the reduction of sickness and death rates, especially in the earlier years of life. That reduction, however, reflects chiefly improvement in the field of communicable diseases such as typhoid fever, diphtheria, and tuberculosis and is attributable in large measure to the success of public health measures affecting the water supply, sewage disposal, and food handling, and to immunization, case-finding, and other tax-supported community services. Further gains must largely depend on improvement in preventing and treating the so-called degenerative diseases of middle age and old age—for instance, cancer and heart disease, the death rates for which have increased rather than decreased—and on more nearly adequate medical services for persons suffering from other diseases that cannot be prevented or controlled by mass methods. Progress in preventing needless suffering and death and promoting the Nation's general level of health therefore hinges largely on provisions for individual diagnosis and care. Hence the importance of emphasizing methods that would assure to all persons ready access to adequate individualized medical services.

Development of hospitals and community health facilities in places now without them should help to remedy the alarming—and probably increasing—lack of physicians in rural and poverty-stricken areas.[4] Doctors prefer to practice where they can have ready access to hospitals, laboratories, and other essentials of modern and well-paid medical practice. The concentration of physicians in large cities is due in part to the fact that cities possess such resources. A more equitable distribution of health facilities should encourage a better distribution of skills and services.

The last two points in the President's program deal with the cost of medical care to the individual and the loss of earnings when sickness strikes. Reference has been made to the magnitude of the loss of earnings resulting from disability and the very limited extent to which

[4] For Federal legislation enacted after June 30, 1946, see pp. 521–522.

disability benefits now available replace such losses. Equally important is the problem of paying for adequate medical care, which concerns not only wage earners but also the population as a whole. An increase in hospital facilities and in medical personnel is of limited value unless sick people can afford to use them. Cost remains the principal barrier to adequate medical care and is as much a reason for limited services in low-income areas as is the lack of facilities. Few people are able to meet the expense of severe or prolonged illness out of current earnings. For many families such illness means the exhaustion of savings and serious—often overwhelming—debts. Fear of economic disaster frequently keeps families from calling in a doctor at the time when his services could be most effective. Much of the value of early diagnosis and treatment is thus lost.

In the aggregate, the financial burden of illness is not excessive. The Nation's bill for health services of all kinds, including services by doctors, dentists and nurses, hospitals, and public health agencies, and the cost of medicines and appliances, amounts to about 4 or 5 percent of the national income. The problem lies in the uneven incidence of this burden. In a given year most families have only nominal expenditures for medical care; others are overwhelmed. Except on a prepayment basis, it is, for all practical purposes, impossible for an individual or family to budget for medical care. These two characteristics of medical care cost—their unpredictability for the individual family and their manageable proportions when averaged—provide the basis for the President's recommendation that medical costs be put on a prepayment basis.

Prepayment of medical care costs is not a new principle. In all States but Mississippi, most employers in commerce and industry are required to carry the cost of treatment for work-connected injuries, and most of them do so through insurance. Workmen's compensation, under which about $150 million was spent for medical care in 1945, is the only prepayment plan in the country covering any substantial group of workers on a compulsory basis. The prepayment principle has also been used in a number of voluntary medical care plans. The principal limitations of such voluntary plans have been inadequacy of coverage, restrictions on services, limitations on membership, inability to adjust contributions to income, and relatively high costs.

In June 1946, about 21.7 million persons, or 15.7 percent of the civilian population, were members of Blue Cross plans, which provide for prepayment of hospitalization costs. About 6 million persons were subscribers to voluntary prepayment plans under medical society, private group clinic, consumer, employer, and Government auspices. About one-third of them, primarily Blue Cross members, were eligible only for surgical care in a hospital; the others were entitled

to relatively complete service. Another 8 or 9 million persons, including dependents, were covered for all or part of their hospitalization costs through group policies issued by commercial insurance companies; group policies to indemnify surgical costs also were in force for about 6 million of these persons and their dependents. Several million individuals—the exact number is not known—held personal health or accident policies issued by commercial insurance companies.

Federal, State, and local governments have assumed some responsibility for the care of certain groups in the population. The Federal Government provides medical care of varying degrees of completeness for members of the armed forces, merchant seamen, and some veterans. The Federal Government also furnishes treatment for work-connected disabilities sustained by its employees, pays for maternity and infant care services received by wives and children of enlisted men in the armed forces, and maintains institutions for persons afflicted with leprosy. Institutional care of persons suffering from tuberculosis and from mental disease or deficiency is generally a State responsibility. Local units of government provide most of the hospital care given persons with communicable diseases. State and local governments share in varying proportions the cost of medical care to the needy sick. All three levels of government contribute toward programs for maternal and child health and services for crippled children.

In the fiscal year 1944–45, expenditures to carry out governmental health and medical functions amounted to more than $1 billion, excluding care of members of the armed forces but including care of veterans and public health services. Tax funds, in other words, provided about 1 dollar in 5 of the Nation's total health bill. Of the governmental dollar, about 32 cents came from the Federal Treasury and about 68 cents from State and local resources.

There is general agreement on the desirability of a larger governmental contribution to the cost of keeping the Nation in good health; the only major differences of opinion are on the most appropriate way of making it. Some suggest that it should take the form of more free care to needy persons and to persons of low income. Although, by and large, the medical care of needy persons is undoubtedly insufficient and more ample provision should be made for that purpose, free care on a means-test basis is not the solution to the problem faced by the great majority of normally self-supporting persons. Such persons can and would prefer to pay for their medical care through some system of prepayment that distributes medical costs over groups of people and periods of time, rather than seek free care after they have been reduced to dependency. Experience both here and abroad indicates the effectiveness of achieving this objective through a health insurance program under governmental auspices, financed out of

periodic contributions by employers and employees. Extension of governmental responsibility for the Nation's medical services, the Board believes, can best be effected through a program of this type.

Such a program, it should be understood clearly, does not represent "socialized medicine" but is a method of insurance payment. Through it, families that are ordinarily self-supporting make small regular contributions to a fund from which payments are made to doctors, hospitals, and others for care rendered to them as insured patients. Persons dependent on public funds can be covered through payment to the insurance system of contributions on their behalf, and thus can receive medical care just as others in the community receive it, without the stigma and inadequacy often associated with "poor-law medicine."

With assurance that their bills for needed services will be paid from the fund to which they have contributed, insured persons can be free to seek medical advice at an early stage in illness, when the chances for prevention and cure are greatest. Patients can and should be free to choose their doctor from all who elect to participate in the system and to change doctors if they wish; doctors should also be free to reject patients. Individual doctors and groups of doctors should be free to choose the method by which payments will be made to them from the insurance fund. There need and should be no fear of "regimentation" of patients, practitioners, or hospitals. On the contrary, just as the removal of the cost barrier would enable the insured person to seek the care he needs, so it would free doctors and hospitals to employ the scientific techniques and devices best suited to treatment of the individual without fear that the cost will be more than he can pay. The system thus would give room and incentive for improving standards of service, and would encourage research and education to extend the knowledge and use of better methods of preventing and caring for sickness and disability. Both practitioners and institutions would have far greater assurance than at present of steady and adequate income. That assurance would make for better distribution of medical personnel as well as greater and better use of existing resources.

The Board believes that the simplest, most economical, and most effective basis for medical care insurance would be through Federal legislation to establish comprehensive protection. Such a law might authorize use of State and local official agencies—and, when they contribute to administrative efficiency and economy, of private agencies—in administration of the program and use of public and private agencies, facilities, organizations, groups, and individuals in furnishing services to insured persons. In any event, subject to national standards, administration of benefits should be decentralized under arrangements worked out locally with doctors, hospitals, and others concerned. The general pattern of arrangements with doctors and

hospitals should be designed with the collaboration of professional organizations, with careful regard for circumstances in a region, State, or locality, and with wide latitude for the participation of existing organizations and use of all other resources for medical and health services. Policies and operations in each area of administration—Federal, State, and local—should be guided by advisory bodies representing the contributors to the system and the groups that furnish services. A system of medical care insurance need not, and in the opinion of the Board should not, supplant many existing group arrangements for medical care for persons who may wish to use the services they offer.

OLD-AGE AND SURVIVORS INSURANCE

THE COURSE of the Federal system of old-age and survivors insurance in 1945–46 was marked both by the continuing development to be anticipated in the early years of a long-term insurance program and by special factors introduced or accentuated by wartime conditions. Increase in the proportion of the population who were currently or fully insured resulted from longer operation of the system and wartime levels of covered employment; the increase, however, was offset in part by loss of insured status by formerly insured workers who had entered the armed forces, Federal civilian service, or other noncovered pursuits or had left the labor force. With the end of active warfare, claims for survivor benefits, which had included many resulting from war deaths, ceased to increase more rapidly than claims for retirement benefits. As war production was cut back and older workers found it harder to keep or get jobs, the number of claims from aged workers and their wives rose sharply. The system is providing an assured basic income in hundreds of thousands of homes and is protecting millions of others against eventual risks of want in old age or at the death of the breadwinner, but it still fails to protect many thousands of the households of the Nation.

Old-Age and Survivors Insurance in 1945–46

Workers and Their Wage Credits

An estimated 3.6 million persons received their first wage credits under the program in the calendar year 1945, the last 12-month period for which wage tabulations are now available. These new entrants brought to 76.5 million the number of workers who, by the end of that year, had received wage credits at some time since the program was inaugurated in 1937. Of these workers, an estimated 73.2 million were living at the end of 1945; they included almost 2.5 million aged 65 and over.

The year 1945 was the second successive year in which a decline occurred in the number of persons who worked in covered employment at some time during its course. From a peak of 47.7 million in 1943, the number of workers receiving wage credits decreased to an estimated 45.7 million in 1945. The number who entered covered employment for the first time was about 4 million smaller in 1945 than in 1943.

Taxable wages, from a peak of $64.4 billion in 1944, dropped slightly to $62.5 billion in 1945. With the decline in war production, the average per worker fell from $1,392 in 1944 to $1,367 in 1945.

Insurance Status

At the beginning of 1946, an estimated 41.5 million living workers were insured under old-age and survivors insurance; 33.8 million were fully insured and 7.7 million were currently insured only. The total number insured was substantially above the preceding year's total of 38.4 million workers. Because of the concurrent rise in the total number of living workers with wage credits, however, the proportion of such workers who were insured rose only slightly, from 54.6 percent on January 1, 1945, to 56.7 percent on January 1, 1946.

In the vast majority of cases, uninsured workers with wage credits had had only brief covered employment because of recent entrance into or early withdrawal from covered jobs, shifts between covered and noncovered employment, or, particularly among women, shifts in and out of the labor force. At the beginning of 1945, 19 percent of all uninsured workers had worked in covered employment in only 1 calendar quarter, and 68 percent, in fewer than 6 quarters. The estimated 31.8 million living workers who were fully insured on January 1, 1945, had received cumulative wage credits averaging $8,930 per worker, while the 6.6 million workers currently insured only had an average of $3,710, and the 31.8 million uninsured workers only $657 per worker.

Applicants for Account Numbers

The cumulative total of account numbers issued rose from 54.2 million at the end of 1940 to 83.8 million at the end of 1945. At the end of 1945, it is estimated, account numbers were held by 75.3 million living persons aged 14 and over, 25.4 million more than at the end of 1940. From a total of 7.6 million applications in 1942, the number declined to 4.5 million in 1944 and to 3.3 million in 1945, in part because of the continued decrease in the proportion of the population without account numbers.

Beneficiaries and Their Benefits

In January 1946, the cumulative amount of benefits certified under this program since January 1, 1937, passed the billion dollar mark. By June 30, 1946, the total amounted to $1,160 million, of which all but $29 million represented monthly benefits and lump sums certified since January 1, 1940, under the Social Security Act Amendments of 1939.

The $337 million certified during the fiscal year 1945–46 represented the largest amount certified in any 12-month period and the largest increase for any such period; $164 million was for monthly benefits

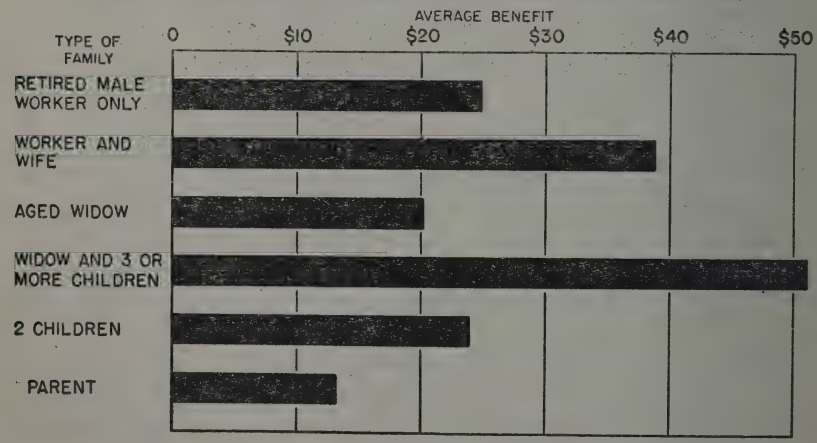
for retired workers, $29 million for monthly benefits for their aged wives or young children, and $118 million for monthly benefits to survivors of deceased workers; $26 million consisted of lump-sum payments with respect to deceased workers whose survivors could not quality for monthly benefits in the month of the worker's death.

Of the 1.5 million persons actually receiving monthly benefits on June 30, 1946, 42.1 percent were retired aged workers, 12.9 percent were wives of these workers, 7.3 percent were aged widows of deceased workers, 28.7 percent were children of retired or deceased workers, 8.6 percent were widows who were caring for child beneficiaries, and 0.4 percent were aged parents of deceased workers who had left no widow or child.

In contrast to the war years, in the fiscal year 1945–46 the greatest realtive increases in beneficiaries occurred among retired workers and their wives; 256,000 workers aged 65 and over entered the benefit rolls, in contrast to the 133,000 in the preceding 12 months. Nevertheless, it is estimated, about 800,000 fully insured workers aged 65 and over on June 30, 1946, had not filed claims for benefits, presumably because they were still employed. About 100,000 additional aged workers, though on the benefit rolls, were not receiving benefit payments, usually because they had earnings in covered employment.

Of the 1.1 million beneficiary families on the rolls on June 30, 1946, nearly one-half were those in which the worker himself was the sole beneficiary. The next largest group of families consisted of a retired man and his aged wife, both of whom were entitled to monthly benefits, which averaged $38.90 per family (chart 5). In the third largest group, an aged widow was the sole beneficiary, while families including a widow and one child beneficiary were next in frequency. The av-

CHART 5.—*Average monthly amount of benefits in force for specified family groups on the old-age and survivors insurance rolls, June 30, 1946*



erage family benefit for all groups on the rolls was $29.40 a month, ranging from $51 for a widow with three or more child beneficiaries to $12.60 for a child alone.

Appeals

A claimant who is dissatisfied with the Board's determination of his eligibility for benefits or his benefit amount may request a hearing before a referee. A similar request may be made by any person whose benefit has been suspended—because of earnings in covered employment or for some other reason—or by any worker who questions the correctness of the Board's determination of the wage credits on which his or his survivors' future benefits will be based.

During the fiscal year, 1,199 requests for hearings were filed, while 292 appeals were carried over from the preceding year. Hearings were completed in 1,236 appealed cases during the year and decisions rendered on 1,145, including cases heard previously. Approximately 30 percent of these decisions modified, in the claimants' favor, the original determinations of the Board. At the close of the fiscal year, 15 civil actions concerning old-age and survivors insurance claims were pending in the courts; of 13 such cases decided during the year, 9 upheld the Board's position. Of the 31 court decisions that have been rendered since enactment of the 1939 amendments, 23 upheld the Board's action.

Administrative Developments

During the fiscal year, the Board adopted several procedures designed to improve administration and made rulings which simplify benefit operations. A comprehensive interpretation of the term "missing in action," as applied to workers with wage credits who died in military service, facilitated the payment of a substantial number of claims by survivors for lump-sum death payments for which applications were filed more than 2 years after the date on which death was found to have occurred.[1] Payment of lump sums was made possible in similar situations, on receipt of information from the War Department that persons serving with the Army in the Philippines after May 7, 1942, were officially declared "missing," whether or not a "missing" notice was ever issued. A procedure was adopted to permit a lump-sum death payment to the heirs of an estate which is equitably entitled even though no legal representative has been appointed for the estate.

Anticipating a substantial reduction in the earnings of elderly wage earners as labor shortages eased, the Board formulated a plan for establishing an individual's benefit rate at the most favorable wage

[1] For Federal legislation enacted after June 30, 1946, see pp. 519–520.

level.[2] Although the worker's claim will not be adjudicated until he stops work, this procedure protects him against a reduction in benefit amount if his earnings decrease and forms a basis for making payments for any month in which he does not earn more than $14.99 in a covered job.

Among other developments in the year, the Railroad Retirement Board, the Bureau of Internal Revenue, and the Social Security Board agreed to issue simultaneous rulings on a large number of stockyard employers on whom no tax or benefit rulings had been released and whose operations apparently are covered partly under the Social Security Act and partly under the Railroad Retirement Act. The Bureau of Internal Revenue will first make tentative findings, to be reviewed by the other two agencies. For the first time, the Board exercised its power of subpena to obtain wage information from employers in adjudicating claims and wage discrepancies. Following Supreme Court action, the Board held that back pay can be credited as wages when awarded in accordance with any Federal or State law intended to protect an individual's right to wages.

Administrative Costs

Despite continuing shortages of personnel during the fiscal year, the Board's Bureau of Old-Age and Survivors Insurance performed the largest job in its history. The number of benefits awarded exceeded the preceding fiscal year's record high by about 25 percent. The number of beneficiaries continued to grow, and their payments totaled one-third more than in the preceding year. The number of required changes in the benefit rolls—suspensions, reinstatements, changes of address, and so on—also reached an all-time high. The volume of work in establishing and maintaining accounts of employee earnings, on the other hand, was slightly below that of a year earlier. Experience continued to demonstrate the effectiveness and economy of the Nation-wide centralization of wage records, combined with localized services provided through the field organization to workers, employers, and the public.

The total administrative cost attributable to the old-age and survivors insurance system during the fiscal year 1945–46 equaled 3 percent of the contributions received during the year, while it represented 11.6 percent of benefit expenditures. This total includes costs incurred by the Treasury in collecting contributions under the Federal Insurance Contributions Act, managing the trust fund, and issuing benefit checks, as well as all administrative costs of the Bureau of Old-Age and Survivors Insurance and the Appeals Council and all other costs of the Social Security Board and Federal Security Agency directly attributable to the program.

[2] For Federal legislation enacted after June 30, 1946, see p. 519.

The Bureau's administrative costs have declined from 2.6 percent of contributions collected in the fiscal year 1940–41 to 2 percent in 1945–46. These costs included expenses of the central offices of the Bureau in Baltimore, the greater part of which represents the costs of maintaining centralized wage records of the 83.8 million accounts established for persons who were or expected to be in covered jobs, in addition to the administrative costs of 6 area offices, 449 field offices, 7 branch offices, and 1,707 itinerant stations.

During the fiscal year, 171 million wage items, each representing an employer's wage payments to a worker during a calendar quarter, were credited to workers' social security accounts. These items were reported on 8.5 million tax returns from about 2.6 million employers.

Financing the Program

Old-age and survivors insurance is financed by employer and employee contributions based on the first $3,000 of the employee's annual wages in covered employment. The original Social Security Act provided for employer and employee contribution rates of 1 percent each with respect to wages in the calendar years 1937–39 only, and 1½ percent each in 1940–42, 2 percent in 1943–45, 2½ percent in 1946–48, and 3 percent in and after 1949. In 1939, however, Congress continued the 1-percent rates for the years 1940–42 and subsequently for 1943, 1944, and 1945. In November 1945, Congress acted again (Public Law 214, 79th Cong.) to hold contribution rates at 1 percent each for the calendar year 1946, thus extending to 10 years the period for which the original rates have applied.[3]

Amounts equivalent to the employer and employee contributions collected under the Federal Insurance Contributions Act are appropriated to the Federal old-age and survivors insurance trust fund. This fund consists of the accumulated appropriations plus interest on its holdings, less expenditures for benefits and the costs of administering the system. Assets are invested in Government securities, except for relatively small amounts set aside to meet current withdrawals. Of the total assets of $7.6 billion on June 30, 1946, all but $93 million was so invested, at an average rate of interest of 2.05 percent.

During the fiscal year, assets in the trust fund increased from $6,613 million to $7,641 million. Income totaled $1,386 million, of which $1,238 million represented appropriation of contributions under the Federal Insurance Contributions Act, and nearly $148 million, interest on investments. Disbursements amounted to $358 million, of which about $321 million was for payments to beneficiaries, and $37 million for administrative expenses.

[3] For Federal legislation enacted after June 30, 1946, see p. 517.

Assets of the trust fund have increased rapidly because benefit payments, the major charge on the fund, are still considerably below contribution income, even though contribution rates have remained at 1 percent. On the other hand, benefit expenditures have been increasing rapidly and continuously, especially since Japan's surrender. This increase will continue for many years while the number of new beneficiaries added to the rolls considerably exceeds the number whose benefits terminate because of death or other causes. Unless contribution rates are increased, annual disbursements may be expected to overtake the annual amount of contributions within a comparatively few years.

Under existing provisions, the old-age and survivors insurance system will probably not mature until at least the end of this century, when the number of beneficiaries may be from 8 to 15 times the number today. In the interval, the population aged 65 and over will continue to increase, both in absolute numbers and in relation to the total population. Of even greater significance, the proportion of the aged population eligible for retirement benefits will continue to rise substantially. Now only a small percentage of the aged are insured, since most old people who worked in employment now covered left it before the system began in 1937 or too soon thereafter to become insured. In survivor insurance also, the system is now immature, since benefits are available only to the survivors of insured workers who died in or after 1940.

The report issued in January 1946 by the technical staff appointed by the House Ways and Means Committee to conduct its study of the Social Security Act proposed, as its "concluding suggestion" on financing, that the contribution rates of employer and employee each increased by one-half of 1 percent every 10 years beginning with 1947 until a 3-percent rate is reached in 1977. The technical staff noted that such a schedule of contribution rates might eventually prove insufficient to meet the total benefit costs of the program and proposed that whatever schedule was to be adopted "should contemplate support from general revenues when benefits for a particular year exceed the taxes and interest on reserve for that year . . ."

Civilian War Benefits

Responsibility was delegated to the Board for activities under the civilian war benefits program, which, beginning in February 1942, provided cash benefits for civilians suffering injury or death from enemy action. This program also served as the "workmen's compensation" program of federally supported civilian defense organizations, The Board discontinued, as of June 30, 1945, accepting new claims for compensation arising out of the performance of official civilian defense

duty. New claims arising out of enemy action—chiefly cases of repatriated civilians liberated from the Japanese prison camps in the Philippine Islands—continued to be accepted. The Board has recommended that the benefit rolls of disabled civilians and dependents of civilians who were killed should be maintained on a statutory basis. Since these rolls are limited to a comparatively small number, the Board believes they could be most efficiently integrated not with old-age and survivors insurance but with the regular Federal employees' compensation program.[4]

Benefits paid in the fiscal year totaled $134,500, of which $18,300 was for permanent disability, $40,700 for temporary total disability, $74,900 for death benefits, and $500 for burial expenses. The Board's administrative expenses for the program were $7,800.

Improving Old-Age and Survivors Insurance

Three major factors keep old-age and survivors insurance from realizing its objectives fully. First is the limitation of coverage. At the beginning of January 1946, about 45 percent of all civilian jobs were excluded from coverage under the program. Extension of coverage not only would provide protection for many workers now wholly outside the system but also would increase the protection for others who move into and out of covered employment and for their dependents.

The second area in which improvement is necessary concerns eligibility for benefits and benefit amounts. The general level of benefits should be raised to accord with higher wage rates and living costs. If coverage is extended, modifications should be made so that newly covered workers will not suffer either undue delay in establishing rights to benefits or reduction in the amount of benefits for which they may qualify. The conditions governing benefit payments should be amended to eliminate anomalous and inequitable situations and to simplify administration.

Absence of protection against the economic effects of disability is the third major shortcoming of the program. Prolonged disability cuts off the worker's earnings and creates the need for partial replacement of those earnings; it also may cause him to lose his insured status while he is disabled or reduce the amount of benefits for which he or his survivors may eventually qualify, despite his previous contributions for these purposes.

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[4] Congress, in a specific appropriation to the Federal Security Agency, authorized continuance of the program through June 30, 1947; allotments from the President's Emergency Fund ceased on June 30, 1946.

Extension of Coverage

Because of coverage limitations, many contributors to the system will be ineligible for old-age retirement benefits, and their survivors will fail to qualify for benefits when the family breadwinner dies. Many more who acquire and retain insured status will have benefits based on lower average wages than they actually received during their working lifetimes. Of the estimated 73.2 million persons with wage credits at the beginning of 1946, 31.7 million—or more than 2 in 5—were neither fully nor currently insured. While many factors contribute to this condition, the most significant is the shift of large numbers of workers into and out of covered employment.

Self-employment.—Self-employment was excluded from old-age insurance under the 1935 provisions of the Social Security Act largely because of the need for developing administrative experience in the less difficult field of wage employment, in which both wage reports and contributions could be collected through employers. Experience gained over more than a decade in operation of the insurance system has demonstrated that it is possible to solve the administrative problems that may arise. In recent years, business records that supply adequate information for income-tax purposes have become much more common than in 1935. Persons with annual gross incomes of as little as $500 have been required to file income-tax returns. Pay-roll reporting has been carried on successfully even by small firms with only a worker or two.

The 1940 census enumerated about 10 million self-employed persons during the census week of that year. This figure excludes more than a million gainfully employed persons who are not self-employed in the full meaning of "independent businessmen," yet have been held by most courts not to be "employees" within the present definition of "employment" under the Social Security Act.

The term "self-employed" is likely to suggest well-to-do business and professional people who can themselves provide against old age or premature death. Actually there is a wide range in the income of self-employed persons, and most small businessmen and many professional persons have incomes comparable to those of wage and salary earners. Although farmers have had relatively high incomes in recent years, a large number have less than $1,500 a year to live on, including their income in kind.

Another common belief is that self-employed persons have income from their ownership of a "going concern" and that such investment income will continue even after the individual stops working because of age or death. Self-employment, however, is a status which few maintain throughout their working lifetimes. Business mortality

and mortgage foreclosure, moreover, are likely to occur late in the self-employed person's life.

Of several feasible methods for obtaining earnings reports and contributions from self-employed persons, one is the addition of the owner's name and an assumed salary, equal to that of his highest-paid employee, to the pay-roll reports now filed by unincorporated employers and another is the independent reporting of gross income less a standard deduction. The latter method, however, would not give entirely accurate results, while the former would be effective for only about one-third of all unincorporated businessmen. The technique of integrating social security reports with income-tax reports offers the best possibility of an equitable plan. Proposals have sometimes been made to permit the self-employed to obtain coverage by making voluntary contributions. Voluntary coverage has been used in some foreign systems, but experience has demonstrated that persons most in need of protection do not participate. This country would undoubtedly have the same experience, and benefits paid to persons who participate would constitute an excessive financial drain on the system.

Employer-employee relationship.—Whether or not the coverage of old-age and survivors insurance is extended to self-employment, it is desirable that the Social Security Act and Federal Insurance Contributions Act include a broad statutory definition of the term "employee." It is important that contributors and administrative agencies know as precisely as possible what services and what wage payments are subject to contributions.

It would be desirable that the word "employee" be defined by statute so as to include all service relationships that fall short of being independent businesses. A statutory definition, amplified by suitable regulations, should provide a greater measure of certainty that even the most liberal judicial interpretation—as great a measure as can be attained in dealing with relationships so diverse as those under which one person performs service for another. If self-employment is covered, such a statutory test of the employment relation would afford a dividing line between the two modes of coverage that would be realistic and would be understandable by the man in the street. If self-employment continues to be excluded, it would limit the exclusion to persons who, in a substantial sense, are in business for themselves.

Agricultural employment.—When the Social Security Act was passed in 1935, the jobs of approximately 4.5 million farm workers, not including unpaid family workers, were excluded. The 1939 amendments broadened the definition of "agriculture" and thereby excluded the employment of about 700,000 quasi-industrial workers engaged

in cotton ginning, fruit and vegetable packing, operation of irrigation ditches, nurseries, greenhouses, fur farms, and hatcheries, and in nonagricultural work on farms.

The earnings of agricultural workers are among the lowest of any major occupational group in the country. Department of Agriculture surveys indicate that the average total annual cash family income, from all sources, of agricultural workers in 1940 ranged from $200 to $500, or slightly less than $100 per person. Even when account is taken of compensation in the form of food and shelter and of the lower cost of rural living, their earnings are too small to make it possible for the worker to achieve security for himself and his family through his individual efforts and savings.

In normal times, many agricultural workers have nonfarm jobs to supplement their low incomes. During the war, many left the farm to work in war plants, where they contributed to old-age and survivors insurance. Many of them will never derive benefits from these contributions because they will not have worked long enough in covered employment to meet the eligibility requirements. Even those who become eligible will have benefit amounts based on only part of their earnings. Today public assistance is the only recourse of the destitute agricultural wage worker. In the poorer agricultural States and counties, lack of funds prevents many needy persons from receiving assistance commensurate with their needs. In addition, some migratory farm workers are unable to meet residence requirements under State assistance programs.

Until recent years, probably most farmer-employers were indifferent to extension of coverage to agricultural employees. They held that old-age and survivors insurance was appropriate only for industrial or commercial employment. Since the beginning of the war, a change in attitude has been manifested. Several farmers' organizations have favorably considered proposals to extend coverage to both farm laborers and farm operators.

Failure to cover agricultural workers in 1935 and 1939 was largely due to the administrative problems created by many of the characteristics of their employment. Foremost was the problem of obtaining accurate wage reports, since most small farmers did not keep pay-roll records. A second problem was to secure compliance with contribution and reporting provisions, which would involve obtaining small contributions from a relatively large number of employers. With the experience gained in the administration of the present program, several methods for solving these problems have been developed. Among them is a stamp plan, such as has long been used in foreign countries.

Household employment.—Household workers are almost completely unprotected by the social legislation available to workers in commerce

and industry. Yet they are even less able to provide themselves with protection against the risks they share in common with all other gainfully employed persons.

The 1940 census enumerated about 2.3 million persons engaged in domestic service in private homes. In addition, approximately 250,000 experienced household workers were unemployed. The exclusion of domestic service affects principally women, who hold about 90 percent of the jobs in this field, and Negroes, who constitute almost half of all domestic workers. In 1940, domestic service was the largest occupational field for women. Between 1940 and March 1944, the number of women in household employment declined by more than 400,000, as women flocked into war plants and commercial and industrial jobs that otherwise would have been held by men.

Laying aside sufficient funds from their current income for their old age or for dependent survivors is even more difficult for them than it is for most workers now covered. The good wages paid some household workers during the war stand in vivid contrast to the low earnings that have characterized household employment. These relatively high wartime earnings will probably recede as the unusual conditions created by the war disappear. According to a report of the Women's Bureau, almost half the 2 million women employed in household work in 1941 had left such employment by March 1944. Some half million other women entered household employment during that period, largely from home housework, schools, and farms.

The extension of coverage to household workers would help to remove the disadvantage they suffer as compared with other useful members of the labor force who, in addition to old-age and survivors insurance, have the protection of workmen's compensation and minimum wage and hour laws, as well as the right of collective bargaining. The fact that the overwhelming majority of household employees are women, some of whom may have social insurance protection through their husbands' wage records, does not remove their need for old-age and survivors insurance. Women household workers—a relatively large number of whom are widowed, divorced, or separated—are even more dependent on their own earnings than are women workers in general.

The original exclusion of household employment was based on the anticipation of administrative difficulties, largely similar to those predicted for agricultural employment. Like the small-farm operator, the ordinary housewife is not likely to keep records of her expenditures for wages. The plans developed for collecting contributions from agricultural workers would be equally applicable to the coverage of household workers.

Employment by nonprofit organizations.—A principal reason for excluding employment for religious, charitable, scientific, literary,

educational, or other nonprofit organizations was the opposition registered by a few employing organizations, which feared that the levy of an employer's tax on nonprofit institutions would tend to weaken their traditionally tax-exempt status. In addition, religious groups opposed any appearance of governmental control that might be thought to depart from the traditional principle of separation of church and state.

Such opposition has largely been replaced by a growing conviction that social insurance is necessary and desirable for most employees of nonprofit organizations. Relatively few employees of nonprofit institutions have systematic provision for retirement, and many have no survivorship protection. Furthermore, individuals transferring from one nonprofit employment to another or between nonprofit and other jobs may find themselves without retirement rights under any system. In large part, the occupations of workers in nonprofit organizations do not differ in kind from those of workers now covered by old-age and survivors insurance; their need for effective insurance protection is no less.

No serious administrative problems may be expected in extending coverage to employees of nonprofit organizations, who now include some 1.0–1.3 million persons. Existing retirement systems in this field could be adjusted to supplement the benefits of the social security system. In extending coverage, the special characteristics of the group should not be overlooked. If, for example, members of religious orders and clergymen do not desire social insurance protection, their present exclusion might be continued. Provision might also be made for payment of all contributions directly into the Federal trust fund to reassure religious groups that church and state are being kept separate.

Employment by State and local governments.—Partly because of an erroneous belief that few State and local governmental employees were not covered by existing retirement systems, service performed in the employ of a State, or its political subdivisions, or a wholly owned instrumentality of either was excluded from old-age and survivors insurance. Actually a large proportion of these employees have no such protection. It is estimated that at the beginning of 1945 approximately 55 percent of the total were covered by retirement systems—about 72 percent of the public-education employees and 44 percent of the nonschool employees. Other reasons for excluding such employment were the belief that the pay-roll tax imposed on States and localities in their capacities as employers would be unconstitutional (except perhaps in certain areas of employment), and the fear of some employee groups that coverage under the Federal system would impair accumulated pension rights.

Since the passage of the Social Security Act, however, several groups of State and local employees have favored coverage for themselves, and many State and local legislative bodies have passed resolutions or bills urging such coverage. In general, it appears that individuals and organizations now lacking retirement protection favor coverage under old-age and survivors insurance, while many of those who already have such protection would not oppose coordination with the Federal program if they were assured that rights under existing retirement systems would not be jeopardized. Such assurance can and should be given.

Since extension of old-age and survivors insurance to employees of State and local governments involves the question of constitutionality of a tax levy on the States and localities, a dual approach might be adopted. First, compulsory coverage might be extended to employees performing services in connection with specified "proprietary" functions of State and local governments; decisions of the Supreme Court indicate that the Federal Government may levy taxes on some activities of States and localities, and certain activities clearly within this rule might be selected for compulsory coverage. The second approach might provide for voluntary election of coverage by States, under which any local governmental unit in the State would be permitted to participate. Under this plan, which would avoid the basic constitutional issue, the Social Security Board would be empowered to enter into agreements with State governments under which the State and its local governmental units would assume the status of employers under old-age and survivors insurance. To protect the finances of the social insurance system and to afford basic protection to workers who move in and out of covered employment, coverage of members of electing units should be as widespread as possible.

Federal civilian employment.—In general, employment by the Federal Government likewise has been excluded from coverage of old-age and survivors insurance. Before World War II, less than a million civilians in the continental United States were employed in the executive branch of the Federal Government; by the summer of 1945 the number rose to a peak of 2.9 million, of whom roughly 2 million had been appointed only for the duration of the war.

An earlier impression that Federal employees were adequately protected by existing retirement systems has been considerably modified by an awareness of the extent of mobility between Federal and other employment and by realization of the value of survivor insurance under the Social Security Act and the possibilities of adjusting special benefit systems to provide benefits supplementary to those of the basic system. Some Federal workers with permanent appointments leave Government service to enter private employment. Others

enter Government service after covered employment and may fail to obtain insured status under the social security system while gaining only limited retirement and disability rights under the civil-service system. Temporary, part-time, and piecework employees of the Federal Government are excluded from the civil-service retirement system; so also are some Federal workers in the employ of Federal instrumentalities. Even the Federal employees covered by existing retirement systems lack adequate survivorship protection, for the lump-sum refunds to survivors are not an adequate substitute for the monthly benefits for those who qualify under old-age and survivors insurance.

If Federal civilian employees were covered by the basic social insurance system, they would have a groundwork of protection, with continuity of protection for persons who transfer between Federal and other employment. The civil-service retirement system and other staff plans could and should continue; they should provide supplementary retirement income, with their own funds and separate administration to preserve the existing rights of their members. If such extension of coverage is not considered feasible, all employees of Federal instrumentalities and all temporary, part-time, and piecework employees might be covered by old-age and survivors insurance, and some suitable plan might be adopted to compensate for the loss or reduction of rights to old-age and survivors insurance among temporary wartime employees in Federal civilian employment.

Military service.—When the social security program was adopted, insurance coverage was not extended to the Regular Establishment because it appeared that service retirement systems afforded ample protection to persons in the armed forces of the United States. Such systems, however, were never intended to deal with the situation which arose when the armed forces of the United States expanded from about 320,000 men in 1939 to about 12 million. Many persons who entered military service from covered employment during the war lost their insured status by the time of discharge or found themselves with less extended protection than when they entered. For nearly all, the potential amounts of benefits to which they or their survivors may ultimately be entitled were reduced.

To correct this inequity, several plans have been proposed to credit wages for his military service to the serviceman's account. A more restricted plan is that embodied in the proposal that, for a limited time after discharge, veterans would be deemed to be insured and to have an average monthly wage of at least a given amount on which rights to survivor benefits would be based; and that benefits payable solely by reason of such guaranteed insurance status and average

monthly wage would be withheld if compensation or pensions were payable to the survivors under veterans' legislation.[5]

Extension of old-age and survivors insurance coverage to military service on a permanent basis would provide adequate protection for all servicemen and continuity of protection and increased benefits for those who shift between military service and other employment. As a step in the direction of coordinating Federal benefit systems, it would help to close gaps in protection and to eliminate payment of overlapping benefits.

Railroad employment.—Railroad employment included approximately 1.7 million persons during 1940 and some 3 million at the height of wartime traffic in 1944. Railroad workers are covered by a special system under the Federal Railroad Retirement Act, which gives old-age and disability protection to long-term employees. Employer and employee contribution rates were set higher than for old-age and survivors insurance, and benefits were also higher, to give railroad workers amounts approximating those promised under preexisting railroad pension plans.

The existence of these two Federal systems gives rise to frequent problems of coverage, with attendant administrative difficulties. Divided coverage also affects the benefit rights of workers who shift between railroad employment and employment covered by old-age and survivors insurance and who thereby lose continuity of basic protection. Coverage of railroad employment under the basic social insurance system would prevent any loss of rights by persons who have worked in both railroad employment and employment covered by old-age and survivors insurance. Were coverage thus extended, the railroad retirement system could be revised so that railroad workers would receive enough in benefits under that system to bring the combined amount of railroad retirement and old-age and survivors insurance benefits to at least the amount which would otherwise be paid under the railroad retirement system alone.[6]

Cash Benefits for Permanent Disability

Like old age or death, protracted physical or mental incapacity to work often spells the final cessation of income for the wage earner and his family. The seriousness of that loss and the fact that the incidence of disability is individually unpredictable, and that losses therefore cannot be budgeted individually, make social insurance against wage loss from disability highly desirable. The fact that the incidence of prolonged disability is predictable in the aggregate—although not individually—makes prolonged disability an eminently insurable risk.

[5] For Federal legislation enacted after June 30, 1946, see pp. 517 and 518.
[6] For Federal legislation enacted after June 30, 1946, see pp. 520 and 521.

Among persons who but for their disability would have been in the labor force, perhaps as many as 1.6 million have been incapacitated for 6 months or more. Evidence from American and foreign experience also shows that disabilities which have lasted 6 months are likely to be prolonged. Extended disability, moreover, is likely to be more prevalent and to attack more frequently in families of low income than in families of higher income. The wage loss suffered by permanently disabled workers and their families probably runs from $1.5 billion to $2 billion a year.

In this country, more or less limited protection against permanent disability is available for special groups only. Voluntary nonprofit disability insurance plans and private insurance protect only relatively small numbers against the risk of protracted disability. A general social insurance system of cash benefits during extended disability would provide compensation for a loss of earning power which is, presumably, final.

The central decision in setting up disability insurance concerns the type and extent of disability to be compensated. The best concept under a general system of social security is that which considers disability as the incapacity to work in any employment that the individual can reasonably be expected to have offered or to accept—a concept that is nearly uniformly accepted in foreign systems. Partial or fractional disability should not be sufficient for eligibility. To be compensable, disability should be not only generally incapacitating and substantial but also protracted or reasonably permanent. In most cases, it is difficult to make a medical determination of permanency, for the possibility of future improvement cannot always be determined even after 6 months of disability. Moreover, the immediate economic need of the disabled individual and his family who have been without wage income for as much as 6 months is not reduced by the prospect of improvement in some distant future. Disability benefits therefore should be payable when a disabling condition, as defined above, has lasted for 6 months or longer, and benefits should be terminated when the incapacity no longer exists.

Under an insurance system, benefits would not be payable on the premise of disability alone—the disabled person would also have to meet the requirement of insured status. This requirement should be such as to test whether he had been in employment covered by the insurance system within a reasonably recent period, for a reasonably substantial time, and with reasonably substantial income. These factors would indirectly indicate whether the disabling condition was presumably the controlling cause of his inability to work, whether the claimant had derived a substantial part of his previous income from covered employment—and thus suffered a loss of income due to his

disability—and whether he had contributed proportionately toward the cost of the benefits he claims.

Since retirement arising from disability resembles that caused by old age, extended disability benefits should be computed as in old-age and survivors insurance. Members of the disabled worker's immediate family should also receive benefits if they are dependent on him because of their youth, old age, disability, or responsibilities for care of young children. Benefits should be terminated if the disabled worker recovers, dies, or becomes entitled to old-age benefits. His insured status should be maintained while he receives disability benefits, so that his survivors may receive benefits if he dies, and he and his dependents may receive retirement benefits if he lives to retirement age.

Administration of disability benefits may well be interlocked with that of old-age and survivors insurance, with use of the existing administrative structure. The field organization and wage records of the existing system can be used in making medical certifications, determining eligibility for benefits, computing benefit amounts, and making payments. Both administrative and logical considerations make it desirable to combine in one program provision for meeting the three major risks of final loss of wage income—old age, death, and permanent total disability.

Benefit Changes and Other Proposed Modifications

Insurance rights.—The adequacy of benefits depends both on the relationship of the wage base used in computing benefits to the individual's normal earnings and on the formula applied to the computed wage base. Especially in view of the rising levels of wages and living costs, the Board believes that the benefit should replace 40 percent of the first $75 (instead of the present $50) of a worker's average monthly wage and 10 percent of the remainder up to $300. This change would be of particular value to beneficiaries with relatively low average monthly earnings. If benefits for permanent disability are provided, adjustments should be made so that years in which the individual was eligible for disability benefits would not operate to reduce his average monthly wage or his primary benefit.

The wage base for benefit computations should include a larger part than it now does of the worker's total annual wages from employment. In view of the higher levels to which earnings have risen, the wage base for contributions and benefits should be raised from the first $3,000 to the first $3,600 a year paid to a worker for covered employment. This base approximates the maximum taxable under the Railroad Retirement Act.

A reasonable basis for insured status should not impose unduly high requirements on persons who are brought into an already functioning

system by a change in the law. At the same time, in justice to all contributors, old-age benefits should not be paid on the basis of small contributions over a very short period of time. Adjustments will also be needed to enable farmers and other groups of self-employed persons who receive all or most of their income at one time in a year to qualify for benefits on the same basis as others whose income is received throughout the year.

If coverage is generally extended, the Board recommends that the following changes be made in eligibility requirements.

1. A worker should be considered fully insured if half the years elapsing between 1936 (or age 21) and attainment of age 65 were years of coverage or if he has 10 years of coverage, whichever is less.

2. Alternatively, if he could not meet this requirement, he should be considered fully insured if 5 of the 10 years immediately preceding his death, retirement, or attainment of retirement age were years of coverage.

The worker's benefits are based primarily on his "average monthly wage" which is, roughly, the total of his wages in covered employment divided by the number of months after the act became effective and before he qualified for benefits, excluding periods before age 22 when he was not employed. Many workers brought under the program by extension of coverage would have very small amounts if all years since 1936 (or attainment of age 22) had to be included in the divisor of the fraction used to derive the average monthly wage. Older workers in the newly covered groups might receive only minimum benefits regardless of their actual wage rates while working. A less severe but still important benefit loss is now suffered by workers who are regularly in covered employment but have substantial periods of unemployment or disability. One method of avoiding such losses would be to define the average monthly wage as the quotient obtained by dividing the worker's total wages by 12 times the number of years of coverage, thus eliminating from the divisor all years in which the worker had taxable wages of less than $200. If this method of computation were adopted and accompanied by widespread extension of coverage, the average monthly wage would be much more closely related to the worker's normal earning power than it is now.

If coverage is extended widely, the Board also recommends that the minimum primary benefit be $20 instead of $10 a month. This change would result in a $30 minimum monthly benefit to a retired man and his wife and a $10 minimum monthly benefit to a dependent or a survivor, except when the benefit was reduced for several beneficiaries in a family by the maximum limiting the total amount payable to a family with respect to one wage record.

The rise in wage levels and living costs has made wholly anomalous the so-called "work clause," which suspends benefits for any month in which a beneficiary earns more than $14.99 in a covered job; benefits payable to a worker's dependents on the basis of his wage record must also be suspended for any month in which he has more than the permitted amount of taxable earnings. A chance to earn in part-time or occasional jobs is of psychological as well as financial importance to old people and other beneficiaries. The permitted amount of earnings can well be increased to $25 or $30 without fear that beneficiaries will encroach on job opportunities of regular, full-time workers.

The Board also recommends that the age at which women may become eligible to receive benefits be reduced to 60 years. Many employers retire women at age 60, and the gap between retirement and age 65, the age of eligibility for old-age insurance benefits, may cause considerable hardship. A woman who is widowed or loses her job at age 60 often finds it extremely difficult to obtain work. Wives are usually younger than their husbands, and a worker may feel obliged to continue at work, if he can, until his wife reaches age 65; otherwise they might have only his primary benefit amount to live on.

Family benefits.—Technical defects in marital status have denied benefits to some women long accepted as wives by the communities in which they live. The Board recommends that any woman who has been thus accepted as the worker's wife receive benefits on the same basis as a legal wife or widow, provided there is no impediment to a valid marriage at the time she applies for benefits or at the time of her husband's death. This provision would avoid raising issues of validity in a common-law marriage of long duration. For additional protection of the children, widow's current benefits should be paid even if there was an impediment to legal marriage. They should also be paid to a divorced wife if she has in her care a child entitled to benefits and was herself receiving support from the worker before his death.

Full protection of children requires provisions to take care of situations in which (1) there is a defect in the legal relationship between the child's parents or (2) the child's foster parents have failed to adopt him. The intent to have a marriage is usually clear if the persons concerned are living together and there are children; the intent of many foster parents—for example, grandparents—to assume full responsibility for the child is equally clear, although it often does not occur to grandparents to adopt a grandchild. The Board recommends that benefits be paid to illegitimate children who were either living with or being supported by the wage earner, since his death or retirement affects them as it would his legitimate or adopted children.

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Monthly benefits should be paid to children on the basis of their mother's wage record when she has been their chief support and their father is disabled. If disability benefits are provided, the Board believes that monthly benefits should be paid to disabled husbands and widowers at age 65 on the basis of their wives' wage records. These provisions would increase the equity of the program for working women and increase the area of protection of a wage earner's actual dependents.

The top limits set for family benefits in 1939 have proved too restrictive. Nearly half the children under age 18 are concentrated in large families that constitute only 6 percent of the survivors' claims. Thus many thousands of children in the families least able to afford reductions have had their benefits reduced by the provision that the total of all benefits payable with respect to a worker's wage record may not exceed twice the primary benefit amount. This limit should be removed, especially in view of the even larger numbers of children in the farm families it is proposed to bring into the program.

The Board also believes that the general rise in wage levels and prices and its proposal to broaden the wage base indicate a need for raising from $85 to $120 a month the maximum amount payable with respect to a worker's wage record. For large families, this increase would permit payment of 80 percent of the worker's average monthly wage up to $150, and might increase the benefits payable when the average wage had ranged from $105 to $300. Provision that total benefits may not exceed 80 percent of the average monthly wage, however, should not operate to reduce a family's benefits to a total of less than $30 a month.

When the youngest child in a deceased worker's family is just under age 18 or is working, the total monthly payments to him are often less than the lump sum which would have been paid on the worker's wage record if the child had been just over age 18. Both because of this anomaly and because survivors who receive monthly benefits for current living costs also need the lump sum to meet the expenses entailed by the death of the worker, payment of the lump sum is recommended even when immediate monthly benefits can also be paid.

Administration.—Several minor changes are desirable from an administrative point of view; some of the Board's recommendations in such matters are as follows.[7]

Wage records may not be changed after a statutory 4-year period, except to conform to tax reports or when the Board was on notice of an error within the statutory period. The Board should have authority to correct wages posted to the wrong period or account, regard-

[7] For Federal legislation enacted after June 30, 1946, see pp. 518–520.

less of the statutory period; to transfer wages between its records and those of the Railroad Retirement Board; and to reinstate wages incorrectly deleted on information given by the employer without the knowledge of the worker. For uniformity among Federal laws, the statute should be amended to run for exactly the same period as that of the Bureau of Internal Revenue. It is also recommended that the Board receive broad authority to make up underpayments by payments to individuals or estates and to recover overpayments either directly from the overpaid individual or by deducting the amount overpaid from current benefits.

UNEMPLOYMENT INSURANCE

When large-scale lay-offs from war industries began, immediately after Japan's surrender, most persons who lost their jobs were protected under the Federal-State system of unemployment insurance. The Federal Railroad Unemployment Insurance Act provided unemployment benefits for railroad workers. Ex-servicemen, too, had protection against unemployment in the readjustment allowances provided under the "GI Bill of Rights." This was the first time since the United States initiated unemployment insurance that workers laid off in vast numbers had such protection to tide them over between jobs.

Victory in the Pacific found many State employment security agencies administering laws that had been significantly amended during the 1945 State legislative sessions; State agencies were also administering Federal readjustment allowances for veterans. Their staffs had to be expanded almost overnight; supplies and equipment were inadequate, as were the funds which had been appropriated by Congress on the assumption that the war in the Pacific would continue throughout the fiscal year. The Social Security Board made all possible staff and resources available to the State agencies. Although benefits were paid somewhat less promptly than before, State agencies, in the main, did a splendid job of tackling an unprecedented load.

Unemployment insurance tided workers over between jobs by providing them with some income based on their previous earnings. Moreover, it helped to smooth the turn-over of the labor force and adjustment to the changing demand for labor. It gave workers a reasonable time to find work that utilized their highest skills, at wages comparable to their prior earnings. It gave employers the assurance that the workers they hired had had time to look around for jobs that were appropriate to their skills and previous earnings. This chance to effect a better distribution of the labor force among industries, occupations, and establishments than would have been possible if individuals had had to take any work as a stop gap, means better utilization of the country's human and technical resources and, in turn, more production and purchasing power, higher real earnings for workers, and higher gains for capital.

Unemployment Insurance in 1945–46

Covered Workers

Employment covered by State unemployment insurance laws, which averaged 23.1 million a month in 1940, reached a wartime peak of 31.3 million in June 1943. By the beginning of the fiscal year 1945–46, covered employment had declined to 28.4 million as production was regeared for a one-front war. Three months later, it fell to 26.4 million—the lowest point since April 1941. An increase beginning in the autumn of 1945 brought the number of persons in covered jobs to 27.4 million in March 1946. Within a year, however, many more persons have some work in covered industries than are employed in them at any one time. It is estimated that in 1945 about 42.5 million different individuals earned some wages in covered employment, and about 85 percent of them, or 36 million, had sufficient wage credits to qualify for benefits under State laws.

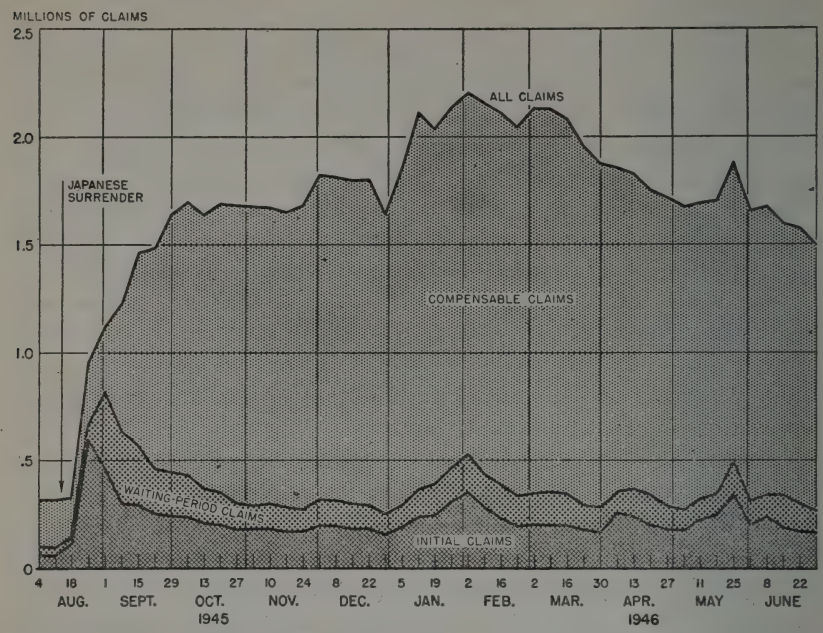
Nevertheless, the jobs of about 12 million wage earners were excluded from unemployment insurance. Among them are 1.7 million agricultural workers, 2 million employees of small firms, 2.5 million employees of the Federal Government, 2.8 million employees of State and local governments, and 3 million in the groups of domestic workers in private homes, employees of nonprofit institutions, and excluded maritime workers.[1] Workers in all these groups face risks of unemployment. The Social Security Board has consistently urged that the protection of unemployment insurance be extended to these and other fields, and States have been encouraged to extend coverage of their laws beyond the limits of the Federal Unemployment Tax Act. Though some States have gone beyond the Federal act in covering employees of small firms and maritime workers, progress has been slow in the absence of Federal action to broaden the coverage of the Federal Unemployment Tax Act.

Claims for Unemployment Benefits

Course of the claims load.—In July 1945, the first month of the fiscal year, 268,000 initial claims and 1,081,000 continued claims for benefits were filed. Claims for unemployment benefits, which had been increasing slowly and continuously since VE-day, rose precipitously after victory in the Pacific (chart 6). During the week following the Japanese surrender, nearly 600,000 persons initiated claims, and in each of 4 months—August and September 1945 and January and May 1946—more than a million workers filed initial claims under the State unemployment insurance laws. The number, however, was low in comparison with the number of workers laid off. The week

[1] For Federal legislation enacted after June 30, 1946, see p. 518.

CHART 6.—*Weekly number of claims for unemployment benefits under State laws, by type of claim, August 4, 1945–June 29, 1946*



ended August 25, 1945, marked the peak in number of workers separated from war jobs. The uninterrupted monthly drop from August to December in initial claims—from 1.2 million to 0.7 million in the country as a whole—was accompanied by a rise in the proportion of initial claims filed by workers entering a second or subsequent spell of unemployment in the benefit year; some of the jobs which workers found after filing their first claims for benefits proved to be temporary. On the average, however, claimants experienced only 1.3 spells of unemployment in 1945–46, somewhat less than in the previous fiscal year.

Labor unrest, caused by general demands for adjustments of wage rates to economic and business changes, reached a high in February and greatly affected the claims load, even though workers whose unemployment is caused directly by a labor dispute are usually not eligible for benefits. The effect of industrial disputes on claims loads was twofold. Claims were filed not only by workers actually involved in disputes, but also by workers laid off because their employers were unable to obtain necessary materials from plants directly involved in strikes. Difficulties arose in States where the legal provisions applied to veterans who claimed readjustment allowances under the GI Bill of Rights differed from those applied under the State law to civilians involved in the same dispute.

The total number of claims for waiting-period and compensable weeks continued to mount more or less steadily throughout the autumn and winter. The crest of reconversion unemployment was passed in March 1946, however. Continued claims filed for the week ended March 9 represented a peak of 6.8 percent of the average monthly covered employment in 1945. The subsequent decline was due to a decrease in the rate of demobilization of servicemen and their displacement of civilian workers, and to the expansion of peacetime production after settlement of wage disputes. Nevertheless, claims for readjustment allowances filed by veterans under the GI Bill continued to rise during the spring. Many of the discharged servicemen did not return to the civilian labor force immediately; perhaps 2 million of the 8 million demobilized between July 15, 1945, and March 15, 1946, entered school or were temporarily out of the labor market for other reasons. In January 1946 the weekly number of veterans' claims for unemployment allowances passed the million mark, and at the end of March unemployment compensated under the veterans' program began to exceed that compensated under the State laws. By the end of the fiscal year, about 1.3 million unemployed workers were filing initial or continued claims under State laws, while veterans filing for unemployment allowances numbered about 1.9 million.

Many skilled or semiskilled workers claimed unemployment benefits during the fiscal year, while job openings were frequently for the unskilled or for workers in the heavy industries. Despite the large volume of claims, most of the persons who lost their jobs soon found other employment or left the labor market without filing a claim for benefits. Of those who filed initial claims and had sufficient earnings to qualify for benefits, about 75 percent drew benefits. Some who did not receive benefits were disqualified, but by far the larger proportion were reemployed during the waiting period.

Steps to deal with heavy claims loads.—For some time before the victory, the Board had been planning with the States for the inevitable rise in claims. Within 2 weeks after the Japanese surrender, the Board forwarded to the States a description of local-office procedures, designed to help the States simplify their operations in order to cope with heavy claims loads. Although both centralized and decentralized benefit operations were described, decentralization of benefit determinations to the local offices as well as general simplification of benefit-payment procedures was recommended. During the year, 34 States operated with some decentralization of the benefit-determination function.

To make the best use of available local-office space and staff, the Board permitted modification of its standard requiring weekly reporting of claimants. Regional offices of the Board were authorized

to allow States to establish biweekly reporting on a temporary emergency basis when the volume of claims warranted it, provided adequate methods were assured for referring workers to jobs. To permit State agencies to simplify their procedures and eliminate delays, Board standards relating to claims determinations, separation notices, and the payment of partial benefits were reviewed and modified. A new standard was adopted on separation information and claims determinations, designed to ensure that State regulations and implementing procedures provide for full payment of benefits when due and afford an opportunity for a fair hearing.

The large crowds waiting to file claims for benefits made it necessary for the United States Employment Service and the State employment security agencies to develop plans for routing and scheduling workers so that both the unemployment insurance and employment service functions could be performed properly. As a result of a previously approved arrangement, the USES transferred personnel on a temporary basis to assist in taking claims.

Despite all efforts, however, benefit-payment procedures bogged down in some States in which large backlogs of undetermined or unpaid claims developed. The Board offered technical assistance on methods of processing benefit payments and provided such assistance, through surveys of benefit operations, to 16 States. While payments were generally somewhat delayed during this year, some States managed to make payments promptly throughout the reconversion period.

Interstate claims.—In September 1945, continued claims filed by interstate workers were only 5.6 percent of all continued claims. Apparently many workers who had previously crossed State lines to take war jobs did not go back as soon as they lost those jobs. As pockets of unemployment began to develop in particular areas, an increasing proportion of continued claims were interstate claims, which reached a peak of 10.2 percent in April 1946. This peak, however, was below the annual average for 1943 (10.4 percent). Nevertheless, interstate operations were the major activities of local offices in many States, especially agricultural States from which workers had migrated to industrial centers. While a few large industrial States had many out-migrants, generally less than 5 percent of the benefits paid in such States went to workers who had moved to other States.

The general increase in the claims load, as well as the increase in interstate claims, resulted in delays in interstate payments. Many of the difficulties in interstate operations stem from the failure of States to accept one another's findings of fact and from lack of uniformity in procedures and methods and lack of adequate training of claims takers. A canvass of opinions of State personnel indi-

cated that inadequate training of local-office staff probably was the most serious cause of delay. Consequently, the Board arranged a series of regional meetings for training operating personnel of State agencies directly responsible for interstate operations. The Board has continued to make available to local offices information on provisions in other States needed by personnel taking interstate claims, and has also circulated information on the relation of rights of veterans under the readjustment allowance program to their rights under State laws.

Unemployment Benefit Payments

By July 1945, most of the amendments enacted during the 1945 State legislative sessions had become effective. The substantial liberalization of State benefit provisions permitted unemployed workers to use more fully, for benefit purposes, their high earnings and full employment of the war years. Because of these unprecedentedly high base-year earnings, the proportion of claimants who had sufficient wage credits to qualify for benefits during the fiscal year 1945–46 rose above 90 percent. A large proportion of insured claimants—75 percent—were unemployed long enough to receive a benefit check. That figure varied greatly among the States, from 99 percent in Indiana, where there was a heavy concentration of war production, to 47 percent in New Mexico, which had relatively little war expansion or reconversion cut-backs. In all, approximately 5.3 million workers, more than in any previous year, drew at least one benefit check during the year.

Duration of benefits.—Though most claimants were reemployed long before they exhausted their benefits, the average beneficiary received payments for 11.5 weeks, longer than in any previous fiscal year; this figure somewhat exaggerates the length of each spell of unemployment, since claimants averaged 1.3 spells of unemployment during the year. Although reconversion proceeded favorably, loss of wartime jobs meant prolonged unemployment for many people, particularly in areas like Michigan and, later, the west coast.

Most of the improvements in the duration provisions of State laws have taken the form of increases in the maximum potential duration, which were made by 29 States during the 18 months ended June 30, 1946. By that date, more than four-fifths of all covered workers were in the 33 States with a maximum duration of 20 weeks or more;[2] under the 1940 laws, only 18 percent of all workers were in States with this provision. In New York, all insured workers—and in Illinois, Maryland, New Jersey, and Washington, workers with high

[2] In addition, a maximum of 25 weeks, instead of 16, goes into effect in Alaska on October 1, 1946.

earnings—may receive benefits for as long as 26 weeks. Only 14 States provide a uniform duration of benefits for all eligible workers. In the other States, the potential duration of benefits is based on a claimant's prior earnings and may be less than the maximum provided in the State law.

Even in the fiscal year 1945–46, more than a million beneficiaries exhausted their rights to benefits. They represented about 40 percent of all beneficiaries. In some States more than half the beneficiaries were still unemployed when they received their final check. The proportion that exhausted benefits ranged from about 30 to 50 percent among most industrial States and from about 50 to 80 percent among States in which cancellation of war contracts left workers with few comparable job opportunities.

Amount of benefits.—More unemployment insurance benefits were paid than during any previous fiscal year, and in larger amounts. As a result, beneficiaries received more than $1 billion, a record outlay. Benefit payments in each month but the first three and the last exceeded $100 million, almost twice the highest amount paid in any previous month since the program began.

The average weekly payment for total unemployment in 1945–46 was $18.81, the highest average for any fiscal year. In most States, payments were highest in October–December 1945, when the average in six States exceeded $20 a week. Of the insured claimants in that quarter, more than half were entitled to $20 or more a week, and only 15 percent to less than $15. The average weekly payment rose from $10.66 in the calendar year 1939 to $15.90 in 1944 and $18.93 in 1945. Average benefits during the year 1945–46 varied widely among the States, ranging from $12.31 in North Carolina to $23.60 in Utah.

Since 1937, the number of States with a maximum weekly benefit of $20 or more has increased from zero to 28. By the end of 1945–46, however, beneficiaries in only 6 States (Connecticut, Hawaii, Massachusetts, Michigan, Utah, and Washington), which included about 14 percent of the country's covered workers, could receive as much as $25 a week, the maximum recommended by the Board.[3]

Despite the increases, the maximums have failed to keep pace with rising wage levels and thus continue to limit the benefit rights of the great majority of claimants. While 58 percent of all payments were made at the States' maximums in 1944, 75 percent were at the maximum in 1945. In 6 States, more than 90 percent of the payments were at the maximum. Moreover, 70 percent of the claimants who established rights in October–December 1945 were entitled to the maximum weekly payment, and in 6 States this proportion exceeded 85 percent. While average weekly earnings of covered workers in July–September

[3] A $25 maximum becomes effective in Alaska, also, on October 1, 1946.

1945 exceeded $40 in 25 States, only 9 of these States provided a maximum benefit of more than $20. In other words, a large proportion of the workers drawing unemployment insurance receive less than half their previous weekly earnings because of the limits on maximum benefits. These limitations will assume greater significance if the prices workers pay for basic necessities rise markedly.

During the 1945 legislative sessions, Connecticut, Nevada, and Michigan joined the District of Columbia in increasing the weekly benefit for claimants with dependents, and in 1946 the Massachusetts Legislature added dependents' allowances to the law, effective April 1, 1947. The Board believes that provision of allowances for dependents of claimants enables the program to carry out its functions more effectively, since it increases benefits for claimants with family responsibilities without entailing the costs that would be necessary if the benefits of all workers were geared to amounts that take account of such obligations.

Disqualifications and Appeals

With reconversion, millions of workers found that their jobs had disappeared and, with the jobs, the demand for the skills they had acquired. The work available to them was often in other towns, other industries, and other occupations. Reduction in hours of work cut down take-home pay, and wage rates in available jobs frequently did not match rates in wartime occupations. Labor disputes developed, primarily on wage rates. Decisions made on a worker's eligibility for and disqualification from benefits reflected all these circumstances.

To be eligible for benefits, a claimant must have sufficient wage credits and must also meet tests of his current attachment to the labor market and the genuineness of his unemployment. Under these tests he must be able to work and available for work, and his unemployment must not result from disqualifying causes specified in the State law, including leaving work voluntarily without good cause, discharge for misconduct, refusal of suitable work, and unemployment due to a labor dispute in which he is directly concerned. While all State laws contain these eligibility and disqualifying conditions, their interpretation in the light of changing labor-market conditions and local customs is left to State agencies, limited only by requirements of Federal law designed to assure payment of benefits to all persons eligible under the State law and to protect labor standards. Use of State advisory councils and local appeals tribunals representative of employer and employee groups should aid the State agencies in making the program understandable to the public.

Because 1945–46 was a year of transition, wartime concepts of availability for work, refusal of suitable work, and good cause for voluntarily quitting a job had to be reexamined. So also had concepts that

were carried over from depression times. These reconsiderations came at a time when the local offices were swamped with claimants. To aid the State agencies in training newly recruited staff, the Board distributed to all State agencies policy statements on voluntary quits, availability for work, and refusal of suitable work, and a special report on particular problems in determining such questions for women claimants. These statements served to clarify the long-range principles underlying the various disqualification and availability-for-work provisions and to promote consistency in benefit determinations and appeals decisions. As part of its function to act as a clearing house for information on State practices, the Board also distributed copies of policy statements issued by various State agencies. Ever since the program began, the Board has issued a monthly compilation of selected precedent benefit decisions of all State appeals tribunals and courts, which a State can use in formulating and interpreting its own policies. By arrangement with the Veterans Administration, selected decisions of State appeals tribunals on servicemen's readjustment allowance claims are included.

Determination of eligibility for benefits and disqualification from benefits involves close relationships with the employment service, which refers claimants to jobs and certifies as to the circumstances surrounding refusals of work. When few workers were unemployed and claimed benefits, the USES, acting as the operating arm of the War Manpower Commission, directed its major attention toward manning war production. Throughout this period the USES was under direct Federal operation and performed its functions as a service necessary for the proper operation of the unemployment insurance system.[4] With the end of war production, the referral policies of the USES were immediately reviewed from the standpoint of the placement function itself and of the relationship of that service to the payment of unemployment benefits. As claims loads increased, employment service interviewers soon realized that their performance vitally affected the payment of benefits. Joint studies of the USES and the Bureau of Employment Security showed clearly that, even in a tight labor market, job openings and job applicants often cannot be matched quickly.

Refusal of suitable work.—Through exchange of views by Federal and State authorities, new emphasis was given to the concept that workers should have "a reasonable period of time" in which to adjust to the great changes in labor-market conditions before they are disqualified for refusing a job which differs in skill or wages from their previous job. Since an employer is not compelled to hire the first

[4] For Federal legislation enacted after June 30, 1946, see p. 521.

applicant for a vacant job, but has time to make his choice among several applicants, it is believed that a worker, too, should not be forced to accept the first job offered him but should have enough time to decide which of the available positions makes best use of his training and experience. In such circumstances, a certain amount of frictional unemployment is inevitable. It furthers the smooth operation of our economic system, adjustment of the working force in individual plants, and adjustment of individual workers to changing work conditions. After a time, the worker must choose between jobs. For some, the new job would be less attractive than the earlier one; for others, it might prove more attractive. The brief spell of benefit payments can change neither the level of wages nor the distribution of jobs at occupational levels. All it does is to assure the worker time to make a choice between jobs.

Availability for work.—Often the only jobs available for claimants were in other towns, sometimes with poor transportation facilities to and from work. Reduction in hours of work and in the number of shifts made it difficult for some workers, especially women, to take available jobs and still carry their household responsibilities; wages offered were not equal to the economic value of the services they could perform at home. Employer specifications became more stringent. Many women who had entered gainful employment during the war withdrew from the labor market when ex-servicemen returned. These labor-market changes necessitated a new interpretation of availability for work. Availability still meant that claimants must be currently attached to the labor market, but at the same time it had to be interpreted so as not to deny benefits to a claimant who was unemployed and wanted a job but could not immediately get one that measured up to what he had had. These general concepts were interpreted differently by different States.

Extent and type of disqualification.—Under State unemployment insurance laws, disqualifications take two forms: postponement of benefits either for a specified period or for the duration of the claimant's spell of unemployment; or cancellation in whole or in part of the worker's potential benefit rights or reduction in his benefits, usually in addition to postponement. Reduction of benefit rights may be mandatory or may be left to the discretion of the State agency. In 25 States, disqualifications postpone benefits for one or more of the three major issues—leaving work voluntarily without good cause, discharge for misconduct, and refusal of suitable work—while 26 States provide for cancellation of wage credits or reduction of benefit rights, in addition to postponement. Of the 329,000 disqualifications imposed during the 9 months July 1945–March 1946, nearly 73 percent involved

only the postponement of benefit rights, while 27 percent also involved reduction or cancellation of benefit rights.

It is significant that 55 percent of the disqualifications involving only a longer waiting period were for an indefinite period—usually for the individual's spell of unemployment or until he was reemployed and had earned a specified amount of wages. If a period of unemployment is prolonged, disqualification for its duration may eliminate all the claimant's benefit rights as completely as if all his wage credits had been canceled. If the disqualifications postponing benefits for an indefinite period are added to those involving a cancellation of benefit rights, almost two-thirds of the disqualifications imposed were severe, depriving claimants of unemployment insurance protection at a time when they were likely to need it most. Of the disqualifications which merely postponed benefits, only 11 percent were for less than 4 weeks and 32 percent were for less than 6 weeks.

The Board believes that disqualifications should involve postponement of benefits for only a limited period following the disqualifying act and should not involve reduction or cancellation of benefit rights. Disqualifications should be considered as limitations on the risk covered, not as punishment for misdeeds.

Cash Benefits for Temporary Disability

The fiscal year saw increasing interest in provision of benefits for workers whose unemployment is due not to lack of work but to incapacity for work. California enacted a law establishing benefits for temporary disability, to supplement its unemployment insurance act, and several significant amendments were made to the Rhode Island Cash Sickness Compensation Act. Both laws are administered by the agency that administers the State unemployment insurance law, and both are financed by employee contributions, which formerly were paid into the unemployment fund. In addition, several bills relating to disability benefits were introduced in the 1946 legislatures in Massachusetts, New Jersey, and New York. Reports on the development of disability insurance programs were issued by the Illinois agency and by the New Jersey Commission on Post-War Economic Welfare. Throughout the year, the Board has conferred with the States in their consideration of disability insurance legislation and has cooperated in studies they were making. It has continued its work with the Rhode Island agency and is working with fiscal officials in California to determine an equitable basis of allocating costs of administering the two types of benefits, since Federal grants under the Social Security Act cannot be made available for administering the State's program for cash benefits in temporary disability.

Some bills introduced in State legislatures would establish disability benefits independent of the existing unemployment insurance laws. All legislation adopted and most bills proposed, however, contemplated the development of integrated unemployment insurance and temporary disability systems. From the point of view of the States, this integration permits economies in the use of the same wage records and much of the same administrative machinery for the two programs. From the Federal standpoint, it urgently requires a decision regarding the proper function of the Federal Government in State temporary disability programs.

The earliest State proposals to the Board for the payment of cash benefits during disability took the form of proposals for the payment of unemployment insurance benefits to disabled workers. Further interest in disability benefits was stimulated by the State agencies' administration of the Servicemen's Readjustment Act of 1944, under which readjustment allowances continue to be payable to veterans who become disabled for work after the beginning of a continuous period of unemployment. These proposals made it necessary for the Board to interpret provisions of the Social Security Act and the Internal Revenue Code which require that all money withdrawn from the unemployment trust fund must be expended in the payment of unemployment compensation (and for refunds of sums erroneously paid into the fund). The Board concluded that Congress intended the phrase "unemployment compensation" to refer only to unemployment due to lack of work and not to unemployment due to disability. It approved, however, a variant of the provision in the Servicemen's Readjustment Act that was involved in new provisions in Maryland, Montana, and Nevada. Under these provisions, claimants who become ill while unemployed and after registering for work may continue to draw unemployment compensation until work becomes available that would be considered suitable for them but for their illness.

Under the new California law, benefits were to become payable either on and after May 21, 1947, or 90 days after a determination had been made that, consistent with the Federal law, employee contributions deposited in the unemployment trust fund could be transferred to a disability fund. The Board held that, without further legislation, such a transfer was not consistent with the requirements of the applicable Federal acts.[5] In addition to California and Rhode Island, seven States have at some time collected employee contributions under their unemployment insurance laws and thus could propose use of such funds to initiate disability insurance with an accumulated reserve. A further question arises on the use of Federal grants to States for ad-

[5] For Federal legislation enacted after June 30, 1946, see p. 518.

ministering cash disability benefits. Although some of the standards in title III of the Social Security Act and in the Internal Revenue Code are equally applicable to administering disability benefits, others are inapplicable and there are no standards relating specifically to the minimum qualifications of a sound disability program. Serious consideration might well be given to amendment of title III of the Social Security Act to permit use of such funds for administering State temporary disability insurance laws under appropriate Federal standards.

Financing the Federal-State Program

Funds available for benefits.—Despite the sharp increase in benefit payments during the fiscal year, on June 30, 1946, the State accounts in the unemployment trust fund totaled $6.7 billion. Funds available for benefits were the equivalent of 11.7 percent of 1945 taxable wages, or more than 4 years' employer contributions at the standard rate for the country as a whole. This total was slightly above the amount of State reserves at the beginning of the fiscal year. Thus, benefit costs during the heaviest unemployment of the reconversion were financed without dipping into the reserves built up during the war.

While the reserves of most States followed the national trend, in 13 States benefit payments during the year exceeded the total of contributions and interest. Generally, they were the States with the highest relative concentrations of war industries. At the end of the fiscal year, however, no State had a reserve representing less than 6.7 percent of 1945 taxable pay rolls.

For the country as a whole, the ratio of benefit payments to current collections rose to 108.2 percent, in striking contrast to the 5.7 percent for the preceding fiscal year. Benefits exceeded collections for the fiscal year in 16 States; 18 States, on the other hand, spent less than half their 1945–46 collections. Interest on investments of the fund, totaling $130 million for the year, more than offset the excess of benefit payments over collections, and the ratio of benefit payments to contributions and interest, for all 51 States combined, was 95.8 percent.

The State reserves in the unemployment trust fund have risen far more steeply and are larger than the framers of the legislation ever contemplated, even though prevailing benefit rates and duration are substantially higher and contribution rates lower than under earlier laws.

A reserve of nearly $7 billion is clearly larger than is necessary in a current-risk program. The primary change in financing now needed is a revision of method that would reduce accumulated reserves to an amount sufficient to finance adequate benefits over a business cycle. If the present tax-offset basis of financing is retained, the Board recommends reduction of the Federal unemployment tax to 2 percent,

permitting the States an offset of 1.8 percent for contributions made or forgiven under State laws. Reduction of the standard rate from 2.7 percent to 1.8 percent would lower contribution rates for about half the million subject employers if the States adjusted their standard contribution rate to this figure. These employers would be chiefly small businessmen newly starting in business, many of them veterans.

While, unquestionably, funds accumulated for the payment of benefits to workers unemployed through lack of work greatly exceed anticipated needs, there may be a real question whether the Federal unemployment tax—and by inference, contributions to State unemployment insurance systems—should be further reduced when risks of temporary disability remain unprotected by most States. The wage loss is the same for workers who are unemployed, whether the unemployment is due to lack of work or to illness. Moreover, illness not only stops workers' earnings but also entails medical costs. It may be well to consider the use of the current excess in unemployment reserves as a potential financial aid to the establishment of State programs for temporary disability insurance, by permitting the use of accumulated funds for benefits to workers unemployed through lack of work or through illness. Since any new insurance program must face the difficulty of levying new taxes to finance it, such a use of funds in the State accounts in the unemployment trust fund should stimulate coverage of this new risk without impairing the financial security of the State unemployment insurance systems.

If the tax-offset basis of financing is retained and appropriate minimum benefit standards are established, the Board also recommends removal of the present conditions in the Internal Revenue Code for reduction of employers' contribution rates and substitution of a simple standard permitting the States to reduce contribution rates on any basis they choose—by individual employer variations, industry-wide differentials, or uniform flat rates—as long as the State fund is of such size as to give reasonable assurance of the payment of the benefits provided by the State law.

The present standards for allowance of reduced rates require that all rate reductions must be based on the experience of the individual employer "with respect to unemployment or other factors bearing a direct relation to unemployment risk during not less than the three consecutive years immediately preceding the computation date."

Unquestionably, States differ widely in the general risk of unemployment. Under the existing separate State reserve system, these variations should be reflected in the contribution rates charged employers. The present requirements in the Internal Revenue Code, however, permit rate reductions only on the basis of an individual em-

ployer's experience. The Federal requirements, in themselves, are very difficult to interpret and incorporate in a workable experience-rating plan and involve many intricate questions that have little practical effect in safeguarding the national interest that rate reductions must not jeopardize the payment of benefits. Though rate reductions have been substantial—for the country as a whole, more than one-third below the standard rate—funds have continued to accumulate. At the same time, no generally accepted criteria have been evolved for equitable measurement of individual employer experience, and the rates paid by employers in similar circumstances vary widely from State to State.

The present Federal standards prevent or hamper State adoption of plans for rate reduction that would be simpler and more desirable from the standpoint of the States and the Nation. The present requirements, for instance, penalize new employers by forbidding a rate reduction until after the employer has had 3 years of experience. Such a handicap should not be imposed, particularly in a period of reconversion when many of the new employers are veterans.

Many States believe it would be sounder and fairer to adjust rates on a uniform, rather than an individual employer, basis. Obviously a uniform adjustment applicable to all employers would be simpler and more economical to administer. It would avoid the necessity for keeping individual accounts for each employer and making complicated "chargebacks" and individual computations of rates.

Perhaps most importantly, the right of a State to adjust rates in a uniform manner will increase the possibility of rate adjustment on a long-run basis at levels sufficient to assure adequate income over at least a business cycle. Such stability in rates is sound from the point of view of proper financing of the program and also from the point of view of employers, who wish to know in advance what their contributions to the unemployment insurance program will be. One great defect of many existing experience-rating plans is that changes in rates run counter to business conditions; when conditions are good and benefit payments low, the contribution rate is also low; when business is bad and benefit payments high, contribution rates rise. The increases carry over into the initial stages of recovery, just when rates should be low to encourage business expansion. Stability in rates at a level below 2.7 percent, or the adjustment of rates to general business conditions, will be practicable only if change is made in the existing requirements for allowing rate reductions.

Costs of administration.—Congress initially appropriated $32 million for Federal grants to pay the costs of administering the 51 State unemployment insurance laws in 1945–46. On the basis of supplemental budgets submitted by the States after V-day, the Board re-

quested, and Congress made, a deficiency appropriation of $25,042,000, bringing to $57,042,000 the total available during the fiscal year for Federal grants to States for unemployment insurance operations. Of this sum, more than $4.5 million was used to reimburse the USES for the cost of the claims-taking services rendered to State employment security agencies. Approximately $1.5 million of the overhead costs of State agencies in the fiscal year 1945–46 was paid from Veterans Administration funds as the share of joint overhead costs chargeable to administrative expenses of the program for veterans' readjustment allowances; in addition, the State agencies received about $13 million for the administrative costs of that program alone.

The Social Security Board has long believed that serious problems are inherent in 100-percent Federal financing of the administration of State unemployment insurance programs. Without State responsibility for raising revenue, there is little incentive for State economy of operations, and the Federal Government, though responsible for determining the actual amount to be allocated to each State for proper and efficient administration of State laws, has no direct responsibility for actual administration of those laws. Nevertheless, the Board has attempted to work out with the States not only the best methods of allocating the available funds among the States for the proper administration of their laws but also the best estimate of the total amounts States need, as a basis for requesting the Federal appropriation.

This year State agencies participated in preparing estimates of work loads and costs, in connection with the preparation of the appropriation request for title III funds. From the State agencies' estimates of work loads and costs, national estimates which accompany the appropriation request were prepared. State technicians aided in preparing instructions to States and in reviewing the data they furnished. The Board regards this cooperative arrangement with the States as an important step in furnishing the Bureau of the Budget and the Congress the best information possible. It should also be of incalculable aid in giving the State agencies a greater sense of responsibility for the total sums requested by the Board for this purpose.

Other Aspects of Federal-State Administration

One of the Board's chief functions is to assist the State employment security agencies in the performance of their functions. The Board's technicians in the Bureau of Employment Security, the unit of the Board directly concerned with unemployment insurance, give general suggestions to all State agencies and individual technical advice and help on request by specific States. Because it observes and receives reports from all the States, the Board also serves as a clear-

ing house of information on legislative, interpretative, operating, and statistical experience of the States. The Board has also helped the State agencies in developing a broad informational program.

Operating problems.—Although primary emphasis was placed on helping the States meet the claims load, the Board also gave general advice and specific help on various other operating problems. To help the States improve their own procedures, the Board published recommended procedures for determining employer-liability status, based on the most effective State practices. Board technicians also aided States in connection with problems of collecting and processing contributions and of experience-rating procedures. Field surveys of the State's operations and suggestions for improvement were made in seven States.

Employers, particularly those who operate in more than one State, find their social security reporting complicated by differences between State and Federal requirements, and variations among States, in determining the wages to be reported for tax purposes. Representatives of business, State agencies, the Bureau of Internal Revenue, and the Board held several meetings in an effort to reach an agreement on a uniform definition of wages.

Illinois and Utah have been conducting experiments with the use of wage reports under the Federal old-age and survivors insurance system as one way to eliminate the need for collecting individual wage records and maintaining wage-record files. In the Utah test, the Bureau of Old-Age and Survivors Insurance furnished the agency with copies of quarterly wage cards for all covered workers in the State. These cards were used to determine wages and were carefully checked against employers' reports to the agency. The agency considers the records more accurate than any it could afford to maintain. These services, however, were discontinued at the end of the fiscal year because Congress did not approve a proposal that a State could reimburse the Bureau of Old-Age and Survivors Insurance for the cost of providing the wage records. The Board considers that the adequacy of old-age and survivors insurance wage records has been proved conclusively, and that further expenditure on an experimental basis cannot therefore be justified. The result of ending this procedure has been to deny a State agency's request for these wage records as a substitute for its own wage-record file, thus preventing a very substantial saving in cost.

Legislative policy.—Although 1946 was not a major legislative year, 22 State legislatures met in regular or special sessions during the fiscal year and 16 of them considered unemployment insurance and related subjects. Board technicians gave assistance to those States before and during these sessions. The Board also made available

to State agencies general information on the provisions of all State laws and on State experience under the program, to serve as bench marks for comparing any law with that of other States, and furnished digests of Federal welfare legislation introduced in Congress. As usual, most State agencies sent the Board copies of proposed amendments to the State program to be reviewed by Board technicians for conformity with the requirements of the Federal act and for policy implications.

Coordination and dissemination of information.—With the reconversion of the economy, growing interest was evinced by the public, organized labor and employer groups, and many governmental agencies in the employment and claims data collected under State unemployment insurance programs. The Board has served as the coordinator in collecting and disturbing comparable data from all States. States, too, have recognized the importance of such data not only for purposes directly related to the administration of unemployment insurance but also for broader use in interpreting and preparing for economic changes.

Two barometers of the national economy on which both governmental and private planning groups rely heavily are the monthly estimates of total nonagricultural employment in the United States, issued by the Bureau of Labor Statistics, and the national-income series of the Office of Business Economics, in the Department of Commerce. Both series use State data on covered employment extensively.

Immediately after VE-day, at the request of the Office of War Mobilization and Reconversion, the Board collected weekly reports on the number of initial, waiting period, and compensable claims filed, and reinstituted two other series of unemployment data, dropped during the war.

With the rapid demobilization of the armed services, claims for veterans' readjustment allowances assumed growing proportions. Accordingly, at the request of the Bureau of the Budget, the Board has begun a new weekly series on insured unemployment, as represented by claims filed under the railroad unemployment insurance, veterans' readjustment allowance, and State unemployment insurance programs.

Improving Unemployment Insurance

The fiscal year 1945–46 offered an opportunity for demonstrating the effectiveness of the existing provisions of the Federal-State system of unemployment insurance. Unemployment was concentrated almost wholly among groups of workers covered by the system and among ex-servicemen, for whom other provision had been made. Most workers were not unemployed for long periods. Most had had steady

employment and high earnings and therefore had substantial or maximum rights to benefits under the law of their State. The program therefore could and did provide an invaluable resource in aiding millions of families and the Nation as a whole in the emergency of economic and military demobilization.

Even in these circumstances, however, more than a million workers were still without jobs when they exhausted their benefit rights, and a large share of the beneficiaries drew benefits too low to replace a reasonable proportion of their actual wage loss. Other workers whose past employment and earnings made them eligible failed to receive any benefits, though they were actually unemployed, because they were held "unavailable" for work or were disqualified under an unduly harsh provision or application of State laws. In sharp contrast to the treatment accorded unemployed veterans, benefit rights and amounts varied widely among the States for persons with similar records of employment and wages. Employer contribution rates also bore with very different weight on employers who were in similar circumstances but in different States or had entered business at different periods.

Present limitations of coverage and inadequacies in benefit provisions will restrict the usefulness of the Federal-State system much more severely in ordinary times than in the highly unusual circumstances of the reconversion. Differences in the treatment of competing employers likewise would be more important in a buyers', rather than a sellers', labor market. Now that the crest of reconversion has passed, consideration should be given to ways of strengthening unemployment insurance for the long run. In the light of the past decade of experience, substantial improvement, the Board believes, can be made within the framework of a Federal-State system. On the other hand, the present affords an excellent opportunity to consider the basic relationship of unemployment insurance to the economy as a whole and its rational place in a comprehensive program of social security.

A Federal-State System of Unemployment Insurance

Coverage.—Whether or not any other change is made, the Social Security Board recommends that the coverage under the Federal Unemployment Tax Act be extended to employers of one or more and to many excepted employments.

Extension of the Federal law to employers of one or more would encourage or assure unemployment insurance protection for some 3.3 million workers excluded by size-of-firm provisions of the State laws. At present, only 16 States include employers of one or more. The Board has always favored a Federal system for maritime workers in coastal, intercoastal, and foreign commerce, because of the difficulty

of determining which State law should cover a worker whose employment by its very nature is interstate. The Board has also favored extension of the Federal unemployment tax to employment on inland waters, thus leaving to the States coverage of this group of workers. However, recently proposed legislation would cover all maritime employment under State laws.[6] The Board believes that State coverage of maritime workers is far preferable to no coverage. Administration of such legislation should be watched carefully to see the way in which it affects workers' benefit rights and the prompt payment of benefits.

Federal employees likewise need unemployment insurance protection. With the demobilization of wartime services and the return of ex-servicemen to Federal jobs they previously held, such protection is of particular importance to hundreds of thousands of persons who served the Government during the war emergency. The Board believes that the provision should be made on a uniform basis, regardless of the State in which the service was rendered, since pay scales, leave regulations, and other conditions of employment are uniform for classes of Federal employees throughout the country.

Financing.—As indicated in preceding pages, unnecessarily large reserves have accumulated in the State accounts in the unemployment trust fund. If the tax-offset basis of financing is retained, the Board recommends that the rate of the Federal unemployment tax be reduced from 3 percent to 2 percent of covered pay roll and that employers be permitted to offset against the latter as much as 1.8 percent for contributions made or excused under the State unemployment insurance laws. Employers thus would pay only two-tenths of 1 percent, instead of three-tenths, into the Federal Treasury; the Board believes this rate would provide sufficient funds to finance Federal grants to States, as at present, to cover the full cost of administering the State unemployment insurance laws. At the same time, the Board recommends that authority be given States to permit State-wide reductions in employer contribution rates below the 1.8-percent rate on any basis they deem best, not merely, as at present, on the basis of the individual employer's experience with unemployment.

A system of Federal grants-in-aid.—As an alternative approach, a system of Federal grants-in-aid to States for unemployment insurance appears to the Board to offer solution not only of many complexities and anomalies in present financial arrangements but also of basic administrative problems inherent in the present program. Under such a plan, the Federal unemployment tax might be reduced to 1 percent and no credit allowed for contributions under State unemploy-

[6] For Federal legislation enacted after June 30, 1946, see p. 518.

ment insurance laws. Out of the proceeds of the 1-percent tax, the Federal Government would grant the State half the total costs of its program, including costs of benefits as well as of administration. The States could finance their half of the costs of benefits and administration in any way they desired.

The Board believes that States should use funds from their reserves to finance and improve their systems until the State reserve has been reduced to half the level at the effective date of the change, and that the Federal matching grants should not become payable until that level has been reached. Such an arrangement would not penalize a State with a relatively large fund, since the higher the State's reserve when the law was enacted, the higher the level at which Federal sharing would begin. During the interval, proceeds of the Federal tax would build up a Federal reserve for contingency purposes.

Though a grant-in-aid plan would not eliminate the present wide variations in effective contribution rates of employers, it would tend to lessen them. It would also provide an element of reinsurance, since the State which experienced considerable unemployment would receive relatively more in Federal funds than a State that did not. It would somewhat simplify employer reporting and would do away with possibilities of duplicate taxation that arise under the tax-offset provisions. It would give the States far greater flexibility than at present in financing benefit costs, and at the same time improve the stability of the system. The Federal Government would have greater assurance that the objectives of the program would be achieved at no greater Federal cost.

Minimum benefit standards.—Very considerable improvement has been made in benefit provisions of the State laws, especially in recent legislative sessions. Despite the ample reserves available to every State, however, some States still make little more than the limited provision characteristic of the system a decade ago. On the whole, the protection afforded by the State laws is still far short of a standard of adequacy that, in the opinion of the Board, has been proved feasible and necessary by the years of operating experience. Inclusion of adequate Federal minimum benefit standards as a condition of tax offset under the existing program could go a long way toward assuring adequacy of benefits throughout the country and thus protecting not only workers but also the national stake in the program. Among such standards should be assurance of 26 weeks' duration of benefits to any eligible worker whose unemployment continues for that period; a maximum weekly benefit, for workers whose wages entitle them to the maximum, of at least $25 for a worker with dependents; and standards relating to disqualification provisions. If adequate minimum standards are established, the Board recommends that perma-

nent provision be made through a reinsurance fund for States whose funds run low, replacing the existing temporary provision for loans to such States. At a minimum, these temporary provisions for loans should be made permanent.

The Nation's Stake in Unemployment Insurance

The war economy, like the depression of the 1930's, has shown forcibly how closely the course of employment in the Nation is bound to forces over which neither workers nor employers can exercise control. Nor are such forces limited by State or even national boundaries.

The Board continues in the belief that it would be simpler, cheaper, and safer to cope with the national problem of wage loss from unemployment by means of a national social insurance program. A decade of operation of the Federal system of old-age and survivors insurance has shown how effectively and economically a national system can combine centralized mechanical operations with local and individualized service to employers, covered workers, and beneficiaries. With a scale that relates benefits, within given maximums and minimums, to previous earnings, unemployed workers in high-wage States and areas would receive higher amounts, on the average, than those in areas where prevailing wages were lower, but beneficiaries with a given amount of wage credits would receive the same benefits, no matter where they happened to be. Use of a single wage report and tax return for unemployment insurance and integration of administration could result in very substantial savings in public funds and in employers' expenses. The financing of unemployment benefits could be related far more closely and constructively to the economy as a whole than is possible when financial arrangements hinge on different concepts and procedures incorporated in 51 State laws and require the action of as many legislatures for adjustment to changing conditions. Under a comprehensive social insurance system, unemployment benefits could be related appropriately to benefits for other risks—old age, death of the breadwinner, and temporary or permanent disability—and many additional administrative savings could be made.

The Social Security Board is aware that strong opposition has been expressed to proposals for a national system of unemployment insurance, either as a separate system or as a part of a comprehensive program including social insurance against other major risks of wage loss. Further study of the risk of unemployment and of experience under programs designed to cope with this risk has affirmed the Board's conviction that national provision for meeting a national problem offers the course best suited to the development of adequate and equitable provisions for unemployment insurance in the United States.

PUBLIC ASSISTANCE

EVEN IN A YEAR such as 1945–46, several million persons in the United States needed public aid. For the most part they were persons outside the labor force—the aged, the blind and other handicapped individuals, persons suffering temporary or chronic illnesses, and children deprived of normal family support or care. Pride may be taken in the accomplishments of the States since 1936, when operations under the Social Security Act began, in providing three special groups of the population with needed money with which to buy food, shelter, clothing, and other essentials, even though in many States assistance is by no means adequate to meet individual need. Money, to be spent as the needy person deems best, preserves his dignity as well as his freedom to choose; it conserves or restores the spirit of self-responsibility that is a part of our heritage. The pauperizing effects of the grocery basket and the specter of the almshouse as the only recourse of those in want have all but vanished. At the end of this first decade, the Board believes that the foundation has been laid for extending public assistance under the Social Security Act to needy persons for whom such assistance is now not available and for assuring more nearly adequate aid administered on an equitable basis.

Public Assistance in 1945–46

Public assistance in the United States is provided through four major programs, all administered by the States and localities. Payments to three groups of needy persons—the aged, the blind, and children whose need arises from certain causes—are financed in part from Federal funds granted to the States under the Social Security Act. Aid to other needy persons is furnished for the most part through general assistance, toward which the Federal Government makes no contribution. In 1945–46, small amounts of assistance were granted under two war emergency programs—civilian war assistance and assistance to enemy aliens and other persons affected by restrictive governmental action—financed entirely from Federal funds and administered for the Federal Government by State public assistance agencies.

During the fiscal year all 48 States and the District of Columbia, Alaska, and Hawaii administered old-age assistance under the State-Federal programs authorized by the Social Security Act. All except

Nevada received Federal funds for aid to dependent children. Aid to the blind was administered under plans approved by the Social Security Board in all jurisdictions except Alaska, Missouri, Nevada, and Pennsylvania. Alaska made its first payments of aid to dependent children under an approved plan and Delaware, its first payments of aid to the blind.

Effects of War and Reconversion on Need for Assistance

The special types of public assistance—old-age assistance, aid to dependent children, and aid to the blind—are provided for persons who in ordinary times are too old, too young, or too handicapped to earn their own livelihood and who do not have sufficient resources to maintain themselves. During the war, some recipients of assistance and others who might otherwise have sought aid were able to get jobs. Other persons who might have been on assistance rolls were benefiting from the improved earnings of members of their family or from allowances as servicemen's dependents. For the most part those who found jobs were marginal workers, among the last to be hired when employment is on the upgrade and the first to be pushed out when employment begins to decline. Thus, though it takes some time for assistance rolls to drop when employment is rising, the effect of diminishing employment is quickly reflected in assistance programs.

Following V-day, the increase in assistance applications, already evident in all programs, was sharply accelerated. During January–March 1946, more than twice as many applications were received for general assistance and aid to dependent children as in the same quarter a year earlier, and in each of the other programs applications were up about two-thirds. By June 1946, application rates had slackened somewhat but were still far above those in the preceding year, presaging a continuance of the rise in assistance rolls well into the next fiscal year.

For the country as a whole, the number of recipients at the close of the fiscal year was below previous peaks by as much as 23 percent for aid to dependent children and 6 percent each for old-age assistance and aid to the blind. On the other hand, in some States—10 for aid to dependent children and aid to the blind, and 9 for old-age assistance—recipient loads were at the highest levels on record. In general assistance, the total number of cases in June 1946 was nearly 80 percent below the number in June 1940; only 2 States had more cases than they had had 6 years earlier.

For the country as a whole and in most States, average monthly payments to recipients increased during 1945–46, reflecting primarily the efforts of State public assistance agencies to enable recipients of assistance to meet the rise in living costs, insofar as maximums on individ-

ual payments and available funds permitted. Though State legislatures meeting in 1945 and 1946 removed or liberalized limits on payments for one or more of the special types of public assistance in some 20 States, statutory maximums of $40 a month or less were in effect for old-age assistance in 24 States, and for aid to the blind in 19 States in June 1946. In aid to dependent children, maximums of $18 for the first child and $12 for each other child aided in the family—or lower amounts—were still in effect in 11 States.

In some States, upturns in case loads, especially after V-day, created new demands on agency funds, making it impossible to maintain increases in individual payments and at the same time grant assistance to all eligible applicants. Some States kept payments at previous levels though pending applications mounted, while others postponed increases or actually reduced the amount of assistance granted each recipient. The marked differences among States in fiscal ability resulted in relatively large increases in monthly payments in some of the States where payments were already highest and in relatively small increases, or none at all, in some where payments had been lowest. In June 1946, therefore, the range in State averages for each program was greater than that a year earlier.

Recipients and Their Payments

Old-age assistance.—Recipients of old-age assistance in June 1946 numbered slightly more than 2 million, about 1 in 5 of the population aged 65 years or over. Among the 25 States with recipient rates above the national average, Oklahoma aided more than half, and Texas and Colorado, more than two-fifths, of their aged population. At the other extreme were 7 States in which the proportion of the aged receiving assistance was less than half the national average, including the large industrial States of New Jersey and New York. In such States, the relatively large proportion of the aged population in receipt of old-age and survivors insurance benefits may be presumed to account in part for low recipient rates for old-age assistance.

In June 1946, old-age assistance payments averaged $31.48 for the country as a whole. The average ranged from less than $20 in 11 States to more than $40 in 6 States. Of the States with averages below $20, all but Delaware are below the national average in per capita income, and all but Delaware and Virginia are among the 12 States with lowest per capita income. Payments are low in these low-income States primarily because financial resources are limited and the number of needy individuals is relatively large. Individual payments in these States for the most part do not even approach the Federal matching maximum ($40 per month),[1] though for the country as a whole, nearly

[1] For Federal legislation enacted after June 30, 1946, see p. 520.

11 percent of payments in November 1945 were at this maximum and almost 18 percent were in excess of $40.

Aid to dependent children.—State public assistance agencies operating under the Social Security Act in June 1946 granted assistance to 311,000 families in behalf of 799,000 children, who represented 19 per 1,000 children under age 18—about one-eleventh of the comparable rate for old-age assistance. Only 10 States had a rate of 25 or more. Six States had rates of 10 or less.

The average monthly payment per family in June 1946 was $53.71. Fortunately for the welfare of needy children, many States made payments larger than the amounts in which the Federal Government will share equally; at the end of 1945, more than half of all payments for aid to dependent children were above the Federal matching maximums. Average payments in June 1946 amounted to $75 or more per family in 8 States. In sharp contrast, average payments of less than $35 per month per family—which usually averages at least 3.5 members, including the mother or other relative caring for the child—were reported by 13 States. As in old-age assistance, the majority of States in which payments are lowest are those with low per capita income and hence with limited resources for meeting public assistance needs. Inadequate assistance forces mothers and older children to take jobs; younger children are deprived of home training and older children of schooling. In the long run, the entire Nation pays the penalty for having failed to provide an opportunity for healthful growth and development for this group of children.

Aid to the blind.—The number of recipients of aid to the blind in States operating programs under the Social Security Act in June 1946 was 57,600, or about 1 in 3 of the estimated blind population in these States. Nine States aided more than two-fifths of their estimated blind population, and 4 of these aided more than half. Recipient rates of less than 10 per 100 were reported by Connecticut and New Jersey, and by Delaware, which made its first payments under the act in November 1945.

The average monthly payment in June 1946 for States operating programs under the act was $32.89, slightly above that for old-age assistance. Average payments of $40 or more for June were recorded for 10 States, while 13 additional States made some payments in excess of $40, the Federal matching maximum.[2] In November 1945, nearly one-fifth of all payments in States with approved plans were above $40; in Arizona, California, and Washington, payments as high as $50 outnumbered those below that amount. In 12 States, on the other hand, the average payment in June 1946 was below $25. This group of States included 10 of the 12 with the lowest per capita income.

[2] For Federal legislation enacted after June 30, 1946, see p. 520.

General assistance.—In June 1946, the number of cases receiving general assistance—278,000—represented a seasonal decline from the peak in March, when the number topped 300,000 for the first time since the autumn of 1943. Though general assistance loads were smaller in a few States than a year earlier, the increase for the country as a whole was about 20 percent; in 5 States, case loads had increased by more than half. As in previous years, the general assistance load was relatively greater in large cities, where the program usually has better financial support; 19 large cities, with about one-fifth of the total population, carried about one-third of the general assistance cases and were paying almost 45 percent of all general assistance.

The average monthly payment per case rose steadily throughout the year and in June 1946 was $32.66. In this month, the average payment per case exceeded $40 in only 6 States. In 10 States—all but 1 with low per capita income—the average per case was less than $20, and in 6 of them, less than $15. In 4 additional States, for which complete data are not available, the estimated average payment was less than $20.

Civilian war assistance.—During the fiscal year, civilian war assistance provided necessary financial assistance and other welfare services to evacuees and repatriates who were returned from war-torn countries to the United States under Government sponsorship. Repatriation from the Pacific area, which reached a peak in the preceding fiscal year, continued at a slower rate during the first half of 1945–46. Financial assistance was provided to nearly 1,300 such persons or families during this period. During the second half of the fiscal year, nearly all the repatriates came from Europe. Over the entire year an average of almost 600 cases a month received financial assistance, and an average of 250 received services only. Immediate assistance at the port of debarkation and continuing assistance, when necessary, in the communities where these persons settled enabled many of these repatriates to weather the period of adjustment and resume self-support. In June 1946, 788 cases received assistance totaling $104,000, and 213 received services only.

Assistance to enemy aliens and others.—The exodus of persons of Japanese ancestry from war relocation centers, which began early in 1945 after revocation of the mass exclusion orders, gained momentum during the fiscal year. By the end of the year all evacuees were relocated and the centers closed. Similiarly, many enemy aliens were released from internment by the Department of Justice. Resettlement assistance and services under this program were provided to aid evacuees and internees in reestablishing themselves. In January, the peak month, 1,695 cases received $140,000 in assistance and 738 cases received services only. State and local public assistance agencies have assumed responsibility for long-time dependency cases by accepting

them for one of the three special types of assistance or general assistance.

Financing Public Assistance

The States and localities spent $1,140 million in 1945–46 for assistance and administration under programs for old-age assistance, aid to dependent children, aid to the blind, and general assistance.

Of $439 million certified by the Social Security Board for approved State public assistance plans in 1945–46, 84 percent was for old-age assistance, 14 percent for aid to dependent children, and 2 percent for aid to the blind. The grants included the Federal matching share in payments to recipients and administrative costs of aid to dependent children and aid to the blind; for old-age assistance, the Federal grant for assistance payments is increased by 5 percent to be used for administration, assistance, or both.[3]

In 1945–46, civilian war assistance payments amounting to $977,000 were made by the State agencies from funds advanced or reimbursed by the Social Security Board. The resources available under the program for assistance to enemy aliens and others affected by restrictive governmental action were used more extensively during 1945–46 than in any of the preceding years. From funds granted by the Board as advances or reimbursement to State agencies collaborating in this program, a total of $1.3 million was paid to recipients from the beginning of the program through June 1946; of this total, $923,000 was spent during 1945–46. Initially, both these war emergency programs were financed from special allocations to the Federal Security Administrator from the President's Emergency Fund. That fund continued to provide for civilian war assistance throughout 1945–46, but a special appropriation to the Federal Security Agency, plus transfer of funds from the War Relocation Authority, financed assistance and services to enemy aliens and others affected by restrictive governmental action.

During the fiscal year, the Board continued to make available to State public assistance agencies Federal funds provided through the Selective Service System for essential costs of collecting medical and social information about Selective Service registrants. Costs of this program, substantially less than in the previous year because fewer men were inducted, amounted to about $252,000 for 1945–46 in contrast to $623,000 for 1944–45.

Administrative Developments

The Board is responsible for assuring that the provisions of State programs conform in framework and administration to the Federal conditions specified for their approval and that the State agency

[3] For Federal legislation enacted after June 30, 1946, see p. 520.

continues to be eligible for funds. Moreover, it issues information obtained through the cooperative Federal-State statistical reporting system and undertakes special studies on operations in all States.

The Bureau of Public Assistance, to which the Board has assigned responsibility for carrying out most of its functions with respect to public assistance, works directly with State agencies through a regional staff and through consultants who, on request, are available to work with State agencies on standards and policies, staff training, and program planning. Through instructions to its regional staff and advice to the States, it seeks to assure uniform interpretation of Federal requirements and distribution of Federal funds in accordance with the provisions of the act. In addition, the findings of the administrative review conducted by the regional staff assist the State agencies in appraising their operations and improving their procedures.

Determining amounts of assistance.—An evaluation of State provisions for determining the amount of payments to be made to needy people, undertaken during the year, indicated that States vary greatly in the degree of responsibility that they assume for measuring income and resources and determining the amount of the recipient's payment. The States using a budgetary system fall into three main groups: (1) those in which the State agency establishes the specific requirements—such as food, shelter, clothing, fuel, light, water, and household supplies—that must be considered in all instances and the money value of each item not available to the individual; (2) those in which the State agency gives to the local administrative units, and to local staff, extensive responsibility for deciding how many requirements may be considered and the amount to be allowed for each requirement; and (3) those in which the State agency is specific about some requirements and leaves decisions on others to the local unit or local worker. Even in States where uniform quantity-cost standards for specific requirements are set by the State agency, State supervision must, of course, be exercised to assure uniform application of such standards in localities. Where the specific requirements to be considered and their quantity-cost standards are not prescribed by the State agency, the wide latitude allowed local units inevitably results in inequitable treatment of individuals in similar circumstances.

Appeals and fair hearing.—In its dealings with State agencies the Bureau, during the year, continued to emphasize the importance in a democratic society of ensuring that clients are aware of their right to appeal to the State agency from decisions of the local unit regarding their eligibility or the amount of their assistance payments. It has stressed the importance of assisting clients in presenting their appeals; of holding hearings promptly, at convenient times and at places readily accessible to appellants throughout the State; of conducting hearings

so that appellants have full opportunity to participate; of reaching decisions promptly; of notifying the appellants and local agencies of decisions in such manner that they understand the basis for decisions reached; and of ensuring that such decisions are binding on local agencies.

Domiciliary care.—To promote the maximum use of private nonprofit institutions by recipients of assistance who wish domiciliary care, the Bureau held a conference with State public assistance administrators and representatives of national and other private agencies concerned with nonprofit institutions. The groups represented asked the Bureau to take leadership in developing information on the practices of public assistance agencies in paying for institutional care and of the institutions in making their facilities available to needy people. There was general recognition of the need for a service under public or private auspices through which standards of care could be developed, data on the cost of care compiled, and consultation supplied on community planning for more extensive and satisfactory care of old people, including those in institutions.

War emergency programs.—In January 1946, decision was reached by the Board, and concurred in by the War Relocation Authority and the Department of Justice, to recommend discontinuance at the close of the fiscal year of the program for assistance to enemy aliens and others affected by restrictive governmental action. The Board decided, however, to ask Congress to continue the civilian war assistance program for another year; assistance and medical care are still needed by persons who have not yet recovered from the injuries or illnesses incurred during internment and will be needed by many of the thousands for whom repatriation is now being arranged.

Surplus property disposal.—Late in 1945, the Bureau of Public Assistance was asked to perform certain functions relating to the disposition of surplus war property to nonprofit welfare, charitable, scientific, and literary organizations and institutions and volunteer fire companies. Opportunity has been furnished to more than 25,000 of these organizations to obtain surplus war property.

International activities.—The Director of the Bureau of Public Assistance was one of six delegates from the United States to attend the First Inter-American Congress of Social Services held in Santiago, Chile, in September 1945. Professional and technical personnel in many countries are seeking opportunities to exchange information and observe developments outside their own countries in the field of social work. In addition to its guidance to visitors and trainees from other countries, the Bureau developed plans for translating technical materials.

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Improving Public Assistance

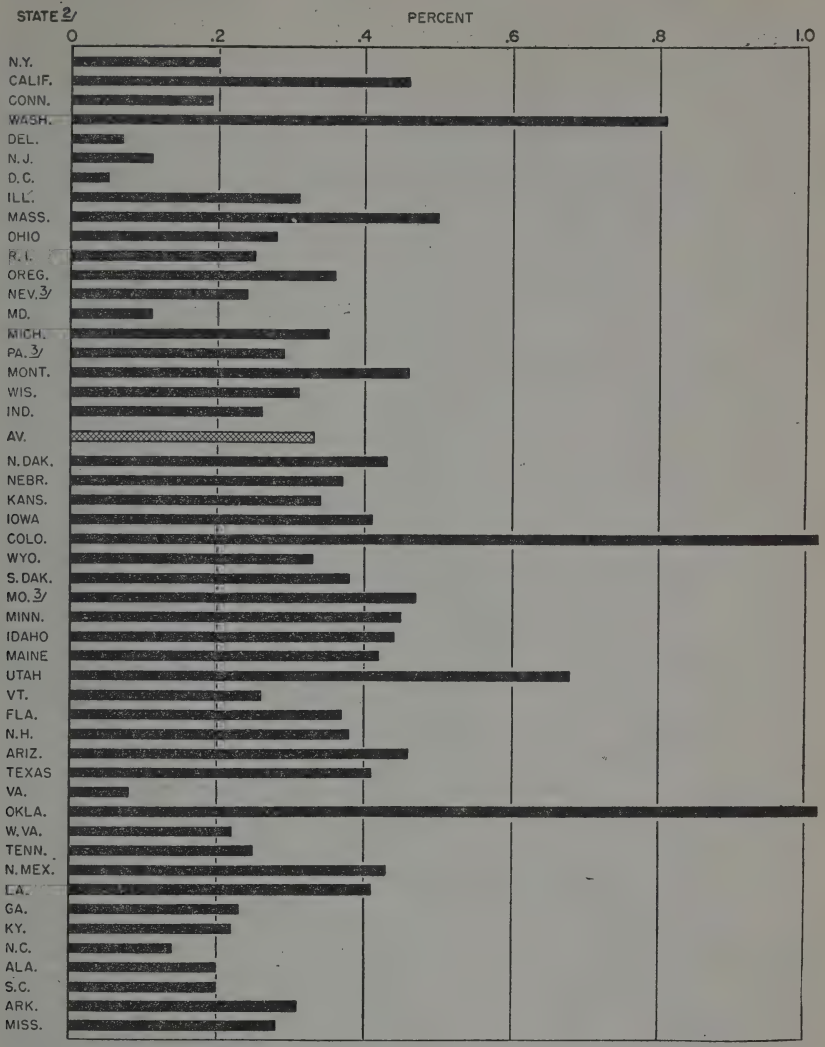
More than 10 years of experience have supplied a basis both for appraising the effectiveness of State public assistance programs operated under the Social Security Act and for clarifying their relationship to the broader program of public welfare and to social insurance. In the judgment of the Board, the time has come both for strengthening the present assistance provisions of the act and for broadening the scope of the grant-in-aid program. In addition to improvements in the provisions for the special types of public assistance, the Board believes that eligibility for assistance under the act should be extended to include any needy person, and not merely the aged and the blind and children who lack normal parental support or care for certain specified reasons. Another step for which there is wide support is Federal sharing in the cost of medical services for persons in need. A further logical extension of the act would be to authorize Federal participation in an expanded program of welfare services.

Financing Public Assistance

Without increase in Federal financial participation, many States will not be able to provide reasonably adequate cash assistance to the aged, the blind, and dependent children, to extend assistance to all needy persons, or to expand the scope of the welfare program to include medical assistance and welfare services. To this end, the Board recommends special Federal aid to low-income States, distribution of State and Federal funds within States on the basis of local need, increase in or removal of the Federal matching maximums on individual payments, and Federal grants for groups of needy persons and for services now dependent solely on State and local support. These recommendations are interrelated. Adoption of any one without the simultaneous provision for the others would prevent full attainment of the objective sought—adequate assistance and equitable treatment of needy individuals throughout the Nation.

Special Federal aid to low-income States.—Several methods have been developed by which Federal financial participation may be varied according to State financial ability. Of them, the most satisfactory, in the judgment of the Board, are those which vary the Federal share from 50 to some higher percentage, depending on the State's per capita income, which reflects its relative financial capacity. Thus, States with per capita income equal to or above the national average would continue to receive about 50 percent of their expenditures, while States with per capita income below the national average would get relatively more. The Federal matching ratio in a low-income State would be

CHART 7.—*State-local expenditures for the three special types of public assistance as percent of income payments, by State, 1945*[1]



[1] 1945 income payments from the *Survey of Current Business*, August 1946.
[2] States ranked by 1945 per capita income.
[3] Includes program administered under State law without Federal participation.

governed by the relation of its per capita income to the average for the Nation.

The present system of Federal grants to States makes no allowance for differences in State financial resources. The Federal Government maintains a uniform standing offer to match, within prescribed limits, the amount of State and local funds expended under the State

public assistance programs.[4] The amount of Federal funds that can be granted to a State is therefore limited by the amount expended by the State and its localities.

The diversity in the economic capacities of the States is indicated by their wide differences in per capita income. For the 3 years 1943–45, the average income per person ranged among the States from a low of $527 a year to a high of $1,489, while that for the Nation was $1,108. Eight States had per capita incomes of more than $1,300, in contrast to 8 others where per capita income was below $750. In 31 States, per capita income was below the average for the Nation.

The States with relatively large economic resources can spend substantially more in relation to their needy population than the poorer States. Hence, States with comparatively low economic resources receive relatively small Federal grants even though they are the States where need is greatest. Not only is the incidence of poverty greatest in these States, but their citizens benefit relatively less from the social insurance programs. In 1945–46, the 12 poorest States, with 21 percent of the population of the United States, received only 16 percent of Federal grants for assistance.

Analysis reveals that in general the States with low per capita income are making more effort to finance public assistance and other public services than the States with relatively greater resources. According to information supplied by the Bureau of the Census, in 1942 less than one-fourth of the States with per capita income above the national average exerted appreciably above-average effort to finance their public services, while two-thirds of the States with per capita income below average exceeded the average in fiscal effort. The ratio of total State and local operating expenses to State income payments is used as the measure of its fiscal effort. When State and local expenditures for the special types of public assistance are related to income payments, similar results are shown. Only 6 of the 19 States with above-average per capita income made more than average effort to finance the special types of public assistance (chart 7). In contrast, nearly two-thirds of the 30 States with per capita income below the average for the Nation made above-average effort to finance these programs.

The inequalities resulting from matching provisions which do not recognize differences in State fiscal ability are revealed for old-age assistance in chart 8, which shows for each State not only the average payment per aged recipient but the average Federal contribution to the average payment. Not only do average payments vary strikingly among States, but the Federal contribution also is very unequal.

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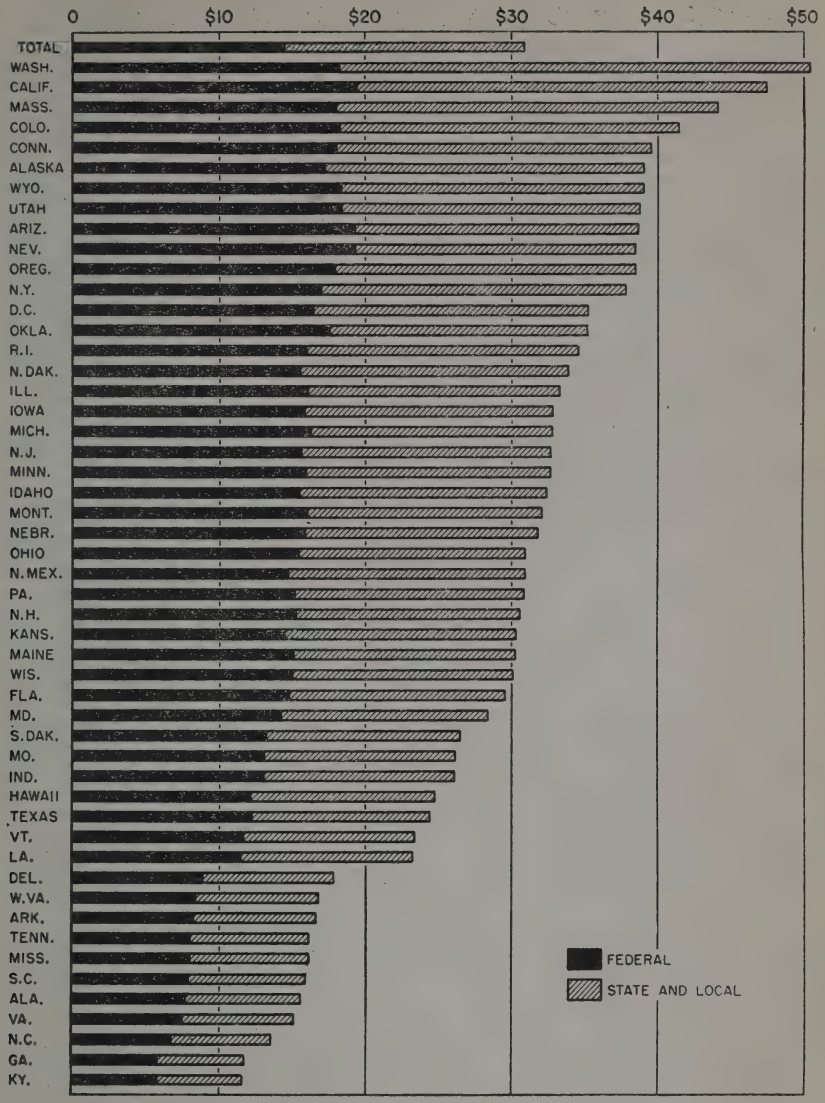
[4] For Federal legislation enacted after June 30, 1946, see p. 520.

CHART 8.—*Average monthly old-age assistance payment per recipient, by State and source of funds, December 1945*



When a State has too little money to provide assistance on a reasonably adequate basis, the people in need are the sufferers. A State may refuse to accept new applicants who are eligible until some recipients die or leave the rolls for other reasons. Payments to persons on the rolls may fall far below the amount they need, as determined under the State's own standards, and those standards themselves may fall

far short of reflecting what it costs to live at a healthful level. Some States have met as little as 40 or 50 percent of the amounts they estimated were necessary to meet the requirements of needy people. Other States have ignored all but a few requirements, since there was no possibility of providing assistance sufficient to meet need realistically. In such circumstances, freedom from want cannot be realized by the needy people of a State.

State distribution of Federal and State funds.—The Social Security Act contains several provisions which indicate that Congress intended States to afford equitable treatment to needy individuals throughout the State. Among these provisions are the requirements that a State plan for the administration of assistance be developed, that the State contribute financial support to the program, that the plan be in effect in all local subdivisions of the State and, if administered by them, be mandatory upon them, and that administration be "efficient."

Many States have not yet fully achieved the objective of equitable treatment of needy persons throughout the State. Failure of States to apportion Federal and State funds in accordance with relative need of the localities has contributed significantly to wide variations in the amounts of assistance given to recipients in different parts of a State. The poorest counties have relatively large numbers of persons in need. Furthermore, they are often the localities with the least protection under the social insurance programs. Yet they can raise relatively small amounts of money to meet that need. In some States, the average payment in the highest county in 1945 was from two to three times that in the lowest county. These ranges exceed what normally would be expected from known facts on differences in need, cost of living, and standards of living.

Equitable distribution of Federal and State funds is often not achieved, even in States where the localities do not share in financing assistance. State and Federal funds usually flow into a locality as cases are approved for assistance, regardless of variation in local administrative practice. When State funds are insufficient, local units are instructed to meet a specified percentage of the total amount found to be needed in each case; or, as an alternative, each local unit is told how much it can spend. One State using the latter procedure found that the assigned quotas kept some localities from meeting more than 40 or 50 percent of need as determined in each case, while others met 75 or 80 percent. Another consequence of inequitable apportionment may be the accumulation of waiting lists in some counties while in other counties eligible applicants get aid without delay.

The Social Security Board believes that it is the intent of the Social Security Act that States shall apportion Federal and State funds to localities in relation to their need for funds. This objective involves

more than an adequate allocation formula. Solution of the problem requires uniform application procedures in all localities and the development of specific State standards for determining eligibility and the amount of assistance. Only when administration is uniform can the need for funds be uniformly measured.

Federal matching maximums for individual payments.—With mounting prices, the limits in the Social Security Act on the amounts of individual monthly payments subject to Federal matching [5] increasingly handicap States in supplying needy people with enough money to purchase necessities.

The limits on Federal matching constitute an especially critical problem in aid to dependent children because the amounts are below the minimum need of a very large proportion of the families receiving aid. In recognition of this fact, several States have set higher maximums and more than half the States have no limits on payments other than the extent of need as determined by the public assistance agency. At the end of 1945, more than half of all payments of aid to dependent children were above the Federal matching maximums of $18 for the first child in a family and $12 for each child beyond the first. Because the State or the State and its localities must pay all the amount above the Federal maximums, the Federal share of assistance costs for aid to dependent children in 1945–46 was less than half in 35 States, less than one-third in 25 States, and less than one-fourth in 8 States. A considerable number of States, however, are unable or unwilling to make payments that are not fully matchable.

In old-age assistance and aid to the blind, also, the Federal matching maximums often result in payments too small to provide the goods and services necessary for even minimum comfort and well-being. At the end of 1945, some payments of old-age assistance exceeded the $40 Federal ceiling in 26 States; 23 States made payments above the ceiling for aid to the blind.

The Social Security Board strongly urges the removal of maximums for aid to dependent children. If Congress should wish to retain a matching maximum, however, the Board believes that specific provision should be made not only for the children but also for the mother or other relative caring for the children and for the expenses of maintaining the home. For old-age assistance and aid to the blind, the Board believes that the Federal matching maximums should either be eliminated or raised so that the assistance needy people get may be reasonably related to what it costs to live.

Federal participation in administrative costs.—The Board believes that expenditures for administration of State plans, like expenditures

[5] For Federal legislation enacted after June 30, 1946, see p. 520.

for assistance payments, should be subject to a special Federal aid formula to equalize the amount of funds available and thus to encourage better standards of administration where insufficient funds have been a deterring factor.

Assistance for Any Needy Person

The Social Security Board believes that provision against want is a basic public responsibility which should be shared by Federal and State Governments for all needy persons, not merely for selected groups. The Board also believes that in a free-enterprise society, dependent on a mobile labor supply, restrictive eligibility requirements, such as specified periods of State or local residence or citizenship, present unnecessary obstacles to the prompt receipt of assistance and to the efficient administration of public aid.

Federal funds for general assistance.—The Board recommends extension of Federal grants-in-aid to general assistance. Only by such extension can the gaps in the public assistance provisions be closed and minimum economic security assured to any needy person wherever he may live and whatever the cause of his need.

In periods of high employment, the great majority of persons receiving general assistance are in need because of physical or mental handicaps, temporary or chronic illness, unsuitability for employment because of age or home responsibility, or temporary illness of the breadwinner. Such persons are not so different from the aged, the blind, the dependent children as to justify a separate national policy in dealing with them. Under less favorable employment conditions, employable persons sometimes will need aid. Even when jobs are plentiful, work may be lacking in some communities. Persons out of work are not always able to move in search of jobs. Unemployment insurance, of course, provides income for the majority of wage earners when they are unemployed. But not all workers are covered by unemployment insurance, and even those who are covered may need general assistance if they exhaust their benefits or if they need help during the waiting period or to supplement inadequate benefits. Furthermore, persons who have protection under unemployment insurance are generally ineligible for benefits if they are unable to work because of illness. A comprehensive public assistance program, flexible enough to meet need as it arises, must cover employable persons as well as persons not normally in the labor force. If employment remains at a reasonably high level and unemployment insurance is effective in tiding workers over gaps between jobs, the number of employable persons who require general assistance will be negligible, as it has been in recent years. Nevertheless, aid should be available to the needy unemployed if, despite other measures, they require cash or medical assistance.

In many parts of the country, State financial participation in general assistance is slight or wholly lacking. In 15 States the entire financial burden for general assistance rests on the localities, and in 15 additional States the localities bear more than half the cost. Except in large metropolitan areas and in wealthy residential communities, the narrowness of the revenue sources available to localities tends sharply to limit the funds they can raise for general assistance. Furthermore, in some States that contribute State revenues, the State's contribution is conditioned by the amounts the localities can raise.

In many of the 10,000 localities administering general assistance throughout the Nation, by no means all needy persons are eligible for general assistance. Because of legal or administrative restrictions, general assistance is often limited to persons who have legal settlement or meet other arbitrary qualifications.

During even the war years, when need for general assistance was at the lowest level in more than a decade, many States either were unable or failed to make reasonably adequate provision for the residual groups of needy persons. The Social Security Board is therefore convinced that only if general assistance becomes a part of a strong and comprehensive Federal-State assistance program will freedom from want be assured needy persons throughout the Nation in all circumstances.

Definition of a dependent child.—Despite widespread need among families with children, the Social Security Act restricts Federal responsibility for aid to dependent children to only certain needy children living in family homes. The present definition of a dependent child limits Federal participation in assistance to needy children who are living with a parent or other specified relative and are deprived of parental support or care because of the death, continued absence from the home, or physical or mental incapacity of a parent. To be eligible for aid with Federal matching funds, moreover, the child must be under age 16 or, if aged 16 or 17, must be attending school regularly.

Some children have no relative among those specified in the act who can care for them, though they could receive care in the family home of a more distant relative. Many children suffer deprivation for reasons other than those enumerated in the act—for example, when a parent is unemployed or has low earnings because of illness not considered physical or mental incapacity. Some children aged 16 or 17 can neither work nor go to school; they may be too ill or handicapped to attend school, or suitable schools may not exist in the vicinity.

The Board is of the opinion that the Federal Government should participate in assistance to a parent or other person assuming responsibility for the child if the child is living in a family home and is

needy for any reason whatsoever. Extension of the definition of dependent child would appear desirable—though far less urgent—even if the act were amended to authorize Federal grants-in-aid for general assistance. The present definition not only bars some needy children from help, but also presents difficult and unnecessary administrative problems.

Residence requirements.—Residence requirements stand in the way of granting assistance to otherwise eligible needy persons. Such requirements also are costly and time-consuming to administer, since the residence of every applicant must be investigated, though the number of nonresidents is relatively small. The Board believes that State residence requirements as a condition of eligibility for assistance should be abolished.

The act now provides that a State plan for old-age assistance or aid to the blind, to be approved, may not require residence in the State for more than 5 of the 9 years immediately preceding application and 1 year continuously before filing the application. Though the Federal act merely establishes the maximum residence requirement which a State may impose, many States have adopted substantially this provision as their minimum requirement. The maximum period of residence which may be required for aid to dependent children is shorter—the residence of the child in the State for a year immediately preceding the application, or birth in the State within a year if the mother resided in the State for a year preceding the birth. In general assistance, many States go beyond the requirement of State residence and impose a requirement of local settlement to qualify for aid.

The trend in State legislation is toward minimizing or eliminating State residence requirements. For old-age assistance, 3 States now have no residence requirement, and 17 require residence for 1, 2, or 3 years. For aid to the blind, no residence is required in 4 States, 18 States require from 1 to 3 years of residence, and 21 States waive their requirement for persons who were residents of the State when they became blind. For aid to dependent children, 6 States require no period of residence.

In recent years, war and reconversion have accelerated the mobility of population characteristic of our national development. Since the beginning of World War II, 8 million or more civilians have moved across State lines. Many of these people have lost their residence in the place from which they came without gaining it elsewhere. It is unrealistic to assume that all the people who have moved will return to the communities from which they came. Continued mobility is likely to prove indispensable to the achievement of high and stable levels of employment. Individuals in a free-enterprise society, mov-

ing to take advantage of opportunities, should not forfeit the right to assistance if they become needy.

Citizenship requirements.—While the Social Security Act does not require citizenship as a condition of eligibility for public assistance toward which Federal funds may be used, it permits the States to require citizenship. Twenty-four States make citizenship a condition of eligibility for old-age assistance and seven for aid to the blind. Only one State requires that children must be citizens to be eligible for aid to dependent children. In many States, the effect of excluding needy noncitizens from the special types of public assistance has been to place the burden of their support on general assistance, financed in large part from local funds. The Board is of the opinion that assistance should be available to noncitizens if they are needy and otherwise eligible.

Property restrictions.—The Board believes Congress should clarify its intent concerning the assistance agency's treatment of the property of the applicant or recipient. Many States now require needy persons, as a condition of eligibility for assistance, to transfer title or control of property they own to the State or locality. Since the assistance payment itself is given to the recipient for his unrestricted use, a recipient's other property should be subject to the same treatment, in the judgment of the Board. This situation would not preclude an agency from claiming from the estate of a deceased recipient recovery of assistance formerly paid. The Board believes, however, that such claims should not be enforced during the lifetime of the recipient and surviving spouse or during the minority of surviving children.

Extension of Federal aid to the Virgin Islands and Puerto Rico.—The Social Security Board believes that the public assistance provisions of the Social Security Act should be extended to Puerto Rico and the Virgin Islands to assist them in aiding their needy aged and blind persons and dependent children. If the present public assistance provisions of the act are broadened to include general assistance, medical assistance, and welfare services, Federal aid for these purposes, also, should be available to the island possessions. Both Puerto Rico and the Virgin Islands have enacted legislation and established plans of operation that would enable them quickly to qualify for Federal grants if the act were amended to include them. Precedent already exists for grants for welfare purposes to these possessions. Both now receive grants for public health services, and Puerto Rico receives grants for maternal and child welfare services.[6]

Scope of Assistance and Service

So that need may be met fully and in a manner appropriate to individual circumstances, the Social Security Board believes that Fed-

[6] For Federal legislation enacted after June 30, 1946, see p. 518.

eral participation should be authorized in medical assistance, including the care of needy persons in medical institutions, and in welfare services, including foster-care services for children. In addition, the Board advocates modification of the provisions of the act relating to the determination of need to assure that need shall be established on a more nearly objective and equitable basis.

Medical care.—It is well known that dependency often stems from disability. Unfortunately, the low level of subsistence afforded recipients of public assistance, combined with the inadequacy of medical care available to them, often prolongs disability unnecessarily and even begets further sickness.

The three groups of needy persons at present eligible for assistance under the Social Security Act are likely to have especially heavy medical needs since, by definition, they are old or blind or are children who, in considerable part, have been deprived of parental support or care by the death or disability of one or both parents. Among recipients of general assistance, illness or disablement of a person in the home has in recent years been the largest single cause of dependency.

Many public assistance agencies have made vigorous efforts to provide medical care for their recipients of assistance, but have been handicapped in doing so by the limitations of the Social Security Act. Federal participation is authorized only in unrestricted money payments to recipients and only up to specified monthly amounts. Though an amount for medical care may be included in the money payment, the limits on Federal matching often afford slight opportunity for such inclusion with Federal help. Increase or elimination of the Federal ceilings would stimulate more ample provision of medical care. In some States with relatively large fiscal resources, medical needs of recipients have been met by removing or waiving State maximums on money payments for persons requiring medical care.

The States now use various methods to provide medical services to recipients. Some agencies, entirely at State-local expense, increase the money payment beyond the matching limits set in the Federal act. Some pay doctors, dentists, nurses, druggists, hospitals, and clinics directly out of State-local funds, and a few, especially in isolated communities, employ physicians to give care. It is not unusual for a local agency to use all these methods. The Board believes that it should be possible for public assistance agencies to use any of these approaches with Federal financial help, suiting the method to the individual situation.

The Social Security Board believes that Federal participation should also be authorized through public assistance in the cost of care of needy persons with chronic ailments who choose to live in public or private medical institutions or hospitals, other than mental

hospitals or tuberculosis sanatoria. Now the Federal Government shares in cash assistance to needy individuals living in private institutions, but it cannot participate either in cash assistance to or in payment for medical care of people living in public institutions. Public assistance agencies should be able to choose whichever method of payment seems best, since many people who are ill enough to need prolonged medical care in an institution are unable readily to manage their financial problems.

Experience during the past 11 years has shown that private nonprofit institutions and commercial nursing and boarding homes are too few and too unevenly distributed to provide for the persons requiring long-time resident medical care. Furthermore, many commercial homes and some nonprofit institutions supply care inferior to that available in public hospitals or medical institutions. It would seem desirable to make use of public facilities, at the same time requiring them to establish and maintain suitable standards. Such a requirement should avoid the danger of return to the old-time almshouse and should have the positive advantage of lessening some no less serious ills that have developed with the growth of commercial boarding and nursing homes.

Elsewhere in this report the Board recommends establishment of medical care insurance to meet costs of medical care of workers and members of their families. The sharing of risks and the prepayment of costs on a fixed basis would make it possible for people who are ordinarily self-supporting to meet their bills for medical care. If a system of medical care insurance is established, it should be possible for assistance agencies to pay contributions to the insurance fund for needy persons so that they, too, could get medical services in the same manner as other persons in the community. Medical care insurance would, of course, greatly reduce the need for medical assistance and doubtless also for maintenance.

Welfare services.—All public assistance agencies are providing social services to individuals and families in connection with the administration of old-age assistance, aid to the blind, aid to dependent children, and general assistance. The determination of the need of applicants and the provision of assistance to recipients, in themselves constitute services. While performing these services, assistance agencies are sometimes requested to provide other help, such as service to facilitate fuller use of community resources and counseling or other help on individual problems. As a part of administrative expense, Federal matching is available in the cost of services provided to applicants for and recipients of the three special types of aid. If the scope of the public assistance program is broadened to include medical assistance and general assistance, matching Federal funds

will be available for the cost of a wider service program. The Social Security Board believes, however, that the Federal Government should participate in the cost of services not only to persons applying for or getting any type of financial aid, but also to persons who do not need or request financial aid but request help which the welfare department can appropriately give.

Public welfare agencies generally provide some specialized services to children, including child welfare services and foster-home care. Since 1936 the Children's Bureau has made grants to States under the Social Security Act for child welfare services, especially in predominantly rural areas or areas of special need. Under the stimulus of these grants, the scope of child welfare services has broadened and their quality improved. The Social Security Board believes these services should be further strengthened and extended to all areas of a State.

The Board deems it particularly important that the Federal Government participate, under appropriate auspices, in the cost of foster-family care for children who have no parent able or willing to care for them. Such service entails planning for the child's needs as an integral whole. To carry out such planning, the public welfare agency must assume responsibility for home-finding, placement of the child, supervision of the foster parent and the child, work with parents, and payment to the foster parent for the support or care he supplies. A necessary accompaniment of foster-family care is the licensing of foster-family homes.

The Social Security Board favors participation by the Federal Government in all types of welfare services administered by the staff of the public welfare agency to help families and individuals become self-supporting, to make fuller use of community resources, or to solve individual problems in family or community adjustments. Federal sharing in the cost of all appropriate welfare services included in a State plan would result in time in a strong and comprehensive system of welfare services flexible enough to meet the changing needs of a dynamic society. Though it would be desirable at the beginning to establish demonstration projects in limited areas, eventually welfare services should be available throughout the State. If the Federal Government should participate in a broad program of welfare services, it would be important to require States to establish and maintain appropriate standards for such services. Training of personnel should go hand in hand with the development of a comprehensive program of welfare services.

Determination of need.—No aspect of public assistance administration is so fundamental or so far-reaching in its effect on the life of a person in want as the agency's determination of his need and of the

amount of assistance he is to get. Public assistance is intended to supplement the recipient's meager resources, if any, so that he may obtain for himself the necessities of life. The amount of money an individual gets is most commonly determined by the use of the budgetary method. State standards are ordinarily established to determine how much is to be included for some or all of the goods and services deemed necessary for the recipient. Similarly, State instructions are generally provided to determine how far the individual's resources will go in providing such goods and services. The difference represents the amount of the assistance payment, unless—as is all too often the case—it must be scaled down because of a maximum on the amount of an individual payment or because of stringency of funds. The State standards for determining requirements and considering resources vary enormously from State to State both in content and in the degree of uniformity with which they are applied in the local units.

The Board believes that all States should define the content and level of living to be afforded needy persons in given circumstances and should develop effective standards for measuring the cost. Such standards should be uniformly applied throughout the State so that persons in similar circumstances will be treated similarly. The actual amount allowed in each locality for persons in similar circumstances would not necessarily be the same, since the cost of goods and services might vary from place to place.

The Board believes that it is imperative that standards for considering the resources of an individual be made as objective as possible, so that they may be uniformly and fairly applied. Furthermore, resources should be considered only when they are actually available to the recipient to meet a part of his need. Because some States, in determining need, assume that income from legally responsible relatives is always available to recipients, they reduce assistance payments by the amounts they expect the relatives to contribute, sometimes without determining whether the contributions are actually made. Such practices often result in hardship to needy persons and disruption of family ties. The Board believes that resources should be considered only if they are actually available to the needy person. Such a provision would not mean that relatives would not be expected to help when they can, but rather that the needy person would not suffer when relatives cannot help or fail to do so.

Administrative Organization

The Social Security Board believes that a strong Nation-wide system of public welfare can be achieved only through unified administration and financing. The objective of unification is a complete and flexible program of assistance and welfare services so integrated and admin-

istered as to enable States to grant assistance or service equitably to each person in need of help, regardless of the reason for his need. This objective would be furthered by a requirement that one State agency be responsible for administering or supervising the administration of all programs of assistance and welfare services in which the Federal Government participates. To assure unification at the local level, the States might also be required to provide one local agency or branch office of the State agency to administer all plans.

A unified system of public welfare would not entail discontinuance of the assistance categories unless a State so desired. Each State could decide for itself whether or not to maintain the present categories, to add new ones on some rational basis, or to abolish all categorical lines, continuing, however, to recognize the special needs of particular groups, such as blind and other handicapped persons, school children, disabled persons, and persons living in institutions. In addition, a State could integrate its categorical and special service programs.

GENERAL ADMINISTRATION

The Social Security Board

The Social Security Act of 1935 provided for the appointment of a Board of three members, of whom not more than two were to be members of the same political party. The duties of the Board include making determinations with respect to organization and administration, establishing substantive policy, making regulatory and precedent decisions that implement or interpret the terms of the act; approving State public assistance plans and unemployment insurance laws that comply with the act; holding quasi-judicial hearings concerning compliance questions; certifying grants to States for public assistance payments and administration and for administering State unemployment insurance laws; and certifying the conformity of State unemployment insurance laws to Federal statute for tax-credit purposes. The act also made the Board responsible for conducting studies and making recommendations as to the most effective methods of providing economic security through social insurance. Under title V of the Servicemen's Readjustment Act of 1944, the Board has participated with the Administrator of Veterans Affairs in certifying amounts for administrative expenses of States in connection with their services under the veterans' readjustment allowance program. Transfer of the functions to the Federal Security Agency and Federal Security Administrator and abolition of the three-member Board were proposed by President Truman in Reorganization Plan No. 2, issued in May 1946, to become effective July 16, 1946, in the absence of negative action by Congress.[1]

During the fiscal year 1945–46, Arthur J. Altmeyer, of Wisconsin, one of the Board's three original members, continued as Chairman, an office to which he was appointed on February 19, 1937, to succeed the first Chairman, John G. Winant. George E. Bigge, of Rhode Island, has been a Board member since his appointment on August 6, 1937. Ellen S. Woodward, of Mississippi, has continued in office since December 30, 1938.

During their terms of office, members of the Board have represented the United States in various international projects to further the development of social security or to meet particular wartime problems.

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[1] For a summary account of these and other functional changes relating to the Federal Security Agency as of that date, see *Social Security Bulletin*, August 1946, pp. 2–3.

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In 1939, Mr. Altmeyer served as Chairman of the United States Government Delegation to the Regional Conference of American States Members of the International Labor Organization at Havana, Cuba. In 1942, he was Chairman of the American Delegation at the First Inter-American Conference on Social Security at Santiago, Chile. In 1945, he was Chairman of the American Delegation at the second meeting of the Inter-American Committee on Social Security at Mexico City, where he was reelected to the chairmanship of the Permanent Inter-American Committee on Social Security.

As social insurance consultant of the Office of Military Government, Mr. Bigge served in Germany during part of the fiscal year on the Quadripartite Committee with representatives of the English, French, and Soviet Governments who studied the German social insurance system with a view to developing general standards to be observed by the German Government or Governments in reorganizing their system.

Mrs. Woodward, by appointment of the State Department with approval of the President, has served as Advisor on Welfare to the United States Council Member at all Council sessions of the United Nations Relief and Rehabilitation Administration and, between sessions, as the United States Member of the Standing Technical Committee on Welfare. She also served as the United States Member of the Subcommittee on Welfare for the Far East and as chairman of a subcommittee to draft a statement of policy on the distribution of supplies to resourceless persons; and worked with the Members from France and the Soviet Union on the Studies Subcommittee which, in conjunction with the staff of the Welfare Division of UNRRA, was responsible for preparing a report on methods of organizing emergency welfare services.

A project developed by the Social Security Board during the year offers training grants during the fiscal year 1946–47 to individuals from three American republics—Chile, Mexico, and Uruguay. The profferred grants are under the auspices of the Interdepartmental Committee on Scientific and Cultural Cooperation of the Department of State and are to be made from funds allocated by the State Department. Two trainees from each of these three republics whose professional interest is in the field of social security and who are in the employ of their governments will have 4 months of training in the bureaus and offices of the Board and in State unemployment insurance and public assistance agencies.

The Board has cooperated with the Interdepartmental Committee on Scientific and Cultural Cooperation in developing a somewhat more comprehensive program for the fiscal year 1947–48, which would provide for two trainees from each of three other American republics interested in social security experience in the United States and in

utilizing this experience in the administration of their own social security programs. Detail of Board employees to three American republics is also contemplated, to bring to those countries increased knowledge of the social security programs in operation in this country.

The Executive Director

Responsibility for administrative and executive action has been vested in the Executive Director, who is responsible for the general supervision and coordination of activities of all bureaus and offices, for coordination of Federal-State relations under the Social Security Act, and for immediate supervision and direction of the 13 regional offices of the Board. Oscar M. Powell, of Texas, has been the Executive Director since November 1, 1938.

Bureaus and Offices

Most of the functions of the Board relating to the three chief programs for which it is responsible are carried on by the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance. Functions relating to two or more programs or to the more general aspects of social security are assigned, in general, to service bureaus and offices.

The Bureau of Research and Statistics conducts the basic studies necessary to analyze aspects of social security which are outside the immediate scope of any other bureau and reviews and integrates the statistical and analytical work of the program bureaus. Its activities are concentrated on the over-all financial and economic aspects of the Board's programs; the relation of these programs to other social security and related measures; and development of findings and recommendations on the most effective methods of providing social security through social insurance, with particular reference to unmet needs for protection during illness and disability.

The Office of the Actuary advises the Board and its staff on technical and long-range factors involved in determining costs and considering proposals for social security.

The Bureau of Accounts and Audits maintains the Board's system of accounts covering all funds budgeted, appropriated, collected, or disbursed. Its regional staff conducts field audits of State public assistance agencies and of administrative expenditures of State employment security agencies; furnishes constructive accounting services to State public assistance agencies; and reviews the fiscal aspects of State public assistance plans and State requests for Federal funds under such plans.

Informational activities for all programs are centered in the Informational Service, which seeks, in the interest of efficient and

economical administration, to keep people informed of their rights and obligations under Federal old-age and survivors insurance and to aid State agencies in developing similar understanding of their unemployment insurance and public assistance programs.

The Office of Appeals Council, which is independent of the Bureau of Old-Age and Survivors Insurance, hears and reviews appeals on claims for wage credits, monthly benefits, and lump-sum payments under the Federal system of old-age and survivors insurance.

The Office of the Executive Director maintains the budgetary, personnel, business management, library, training, and publications services of the Board.

Regional and Field Organization

In the interests of efficient and individualized administration, operations of the Social Security Board have been decentralized to provide local and regional services to workers covered by old-age and survivors insurance, to claimants for benefits under that program, and to State agencies administering unemployment insurance and public assistance under laws or plans approved by the Board as in conformity with the Social Security Act. The United States and Territories have been divided into 13 regions. Staff in each region is headed by a regional director, who is directly responsible to the Executive Director for the efficient administration of the Board's programs within the region, including satisfactory Federal-State relationships and public relations activities. Except in the two Territories, the regional personnel include representatives of the Board's program and service bureaus and offices and staff to furnish personnel and business management services to the regional office and field offices of the Bureau of Old-Age and Survivors Insurance. The representatives of that Bureau supervise the activities of the field offices concerned with operations of that program. Representatives of the Bureaus of Employment Security and Public Assistance advise and assist State agencies on matters relating to those programs. Informational Service representatives, regional auditors, regional attorneys of the Office of General Counsel of the Federal Security Agency, and personnel representatives of the State Technical Advisory Service on merit-system administration provide the appropriate specialized assistance to regional directors, representatives of the program bureaus, and State agencies.

Merit Systems of Personnel Administration in the States

In accordance with the requirements of the Social Security Act, as amended, and in order to promote the most efficient administration of State unemployment insurance and public assistance programs, personnel in these programs are selected, acquire tenure in office, and have the prospect of promotion and a career service under merit-system

principles. Under the act, the Board must determine the administrative effectiveness of these merit-system and other personnel plans. The State Technical Advisory Service in the Office of the Executive Director reviews the methods used by the States and gives assistance in the development of methods that will assure acceptable merit-system practice.

Although the framework of merit-system administration remained sound during the war period, most States found it necessary to modify the standards they had set for peacetime operation, especially in highly industrialized areas, where war demands on personnel were most acute. For nearly all State agencies, labor-market stringencies continued through the year 1945–46. Typical problems of staffing, for at least some classes of positions, resulted in lowered minimum qualifications for newly hired personnel and for promotion of persons already in the agency; appointment of war-service employees without examination; and retention of provisional employees beyond the normally limited period. The ground work has been laid, however, for restoring peacetime standards. Surveys of classification plans are being projected in the light of organizational and staff changes. Studies of salary scales in relation to the general upward trend of wages are also in prospect. As rapidly as conditions favorable to competition permit, the selection process, which includes formal competitive examinations, is being restored. War-duration and provisional employees will be subjected to the selection process for permanent status in competition with veterans and the general public.

Personnel

The Board as of June 30, 1946, had a staff of 11,261—5,548 in the departmental and 5,713 in the regional, field, and area offices. Three-fourths of the total increase of 632 since June 30, 1945, were added to the field organization of the Bureau of Old-Age and Survivors Insurance to keep pace with the increase in the claims load. The end of hostilities also made it necessary to fill all existing vacancies in the Bureau of Employment Security immediately and employ additional personnel. During the year, 1,757 ex-servicemen and women claimed their reemployment rights and were restored to duty. As of June 1946, 1,359 Board employees were on military leave and some 2,400 who had transferred to other agencies or private industry held reemployment rights.

To achieve economies in the use of manpower and materials, attempts were intensified to simplify operations, eliminate nonessential steps, and devise improved methods of work. Because of the progressive development of the program, however, the staff was able to keep abreast of the increase in the total volume of work only through

intensive training of new and inexperienced personnel, job rotations to permit concentration of staff on activities with recurrent peaks in work load, and curtailment or postponement of certain operations. Many services to State agencies and to the public which were eliminated or curtailed during the war emergency must now be resumed if fully effective operation is to be assured.

Appropriations and Expenditures

Regular and deficiency appropriations to the Board for the fiscal year ended June 30, 1946, amounted to $529 million, of which $499 million or 94 percent was for grants to States for unemployment insurance administration and public assistance, and $30 million for administrative expenses of the Board. The total appropriation was greater by $58 million than the amount appropriated for the preceding fiscal year. Of this difference, nearly $55 million represented increases in appropriations for grants to States for public assistance.

Of the $30 million expended for the Board's administration during the fiscal year, more than nine-tenths was reimbursed to the general fund of the Treasury from the old-age and survivors insurance trust fund as administrative costs chargeable to that program. The rise of about $3.6 million in the Board's total expenditure for salaries was due largely to the addition of field staff required to handle the increase in claims load of the Bureau of Old-Age and Survivors Insurance and to salary increases under the Federal Employees Pay Act of 1945.

SOCIAL SECURITY LEGISLATION ENACTED AFTER JUNE 1946

After the close of the fiscal year 1945–46, with which this report is concerned, legislation was enacted amending the Social Security Act and related measures and affecting other areas in the field of social security. The main provisions of the various laws are outlined in the following summary.

Social Security Act Amendments of 1946

H. R. 7037, which was signed by the President on August 10 (Public Law 719, 79th Cong., 2d sess.), amends titles I, II, III, IV, V, X, and XI of the Social Security Act, adds a new title XIII, and amends the Internal Revenue Code (the Federal Insurance Contributions Act and the Federal Unemployment Tax Act). The five titles of the amendments are as follows:

Title I—Social Security Taxes.—The Federal Insurance Contributions Act is amended by freezing employer and employee contribution rates for old-age and survivors insurance at 1 percent each for the year 1947. The existing statutory provisions for an increase in rates to 2½ percent each in 1948, and to 3 percent each in 1949 and thereafter, are retained.

Title II—Benefits in Case of Deceased World War II Veterans.—The Federal old-age and survivors insurance provisions (title II of the Social Security Act) are amended to provide survivor benefits for survivors of certain World War II veterans who die or have died within 3 years after discharge from military service. In general, the new provisions guarantee survivors of veterans the same benefit rights they would have if the veteran had died fully insured under the program. In computing the amount of the survivor benefit, the veteran is deemed to have had average wages of not less than $160 a month, and he is deemed, for purposes of the 1-percent annual increment, to have earned at least $200 in wages for each calendar year in which he had 30 days of military service after September 16, 1940. These benefits will not be paid for any month for which the Veterans Administration has determined that any compensation or pension is payable by reason of the death of the veteran under any law administered by that agency, or if the serviceman dies in active service or

is discharged from the service more than 4 years and 1 day after the termination of the war.

Title III—Unemployment Compensation for Maritime Workers.—This title makes possible permanent coverage of private maritime employment under State unemployment insurance laws and provides temporary protection for workers whose maritime employment has been technically Federal employment. The Federal Unemployment Tax Act is amended as of July 1, 1946, to include private maritime employment, and the States are authorized, under specified conditions, to cover such maritime employment under their unemployment insurance laws. In a new title to the Social Security Act, Title XIII—Reconversion Unemployment Benefits for Seamen, special reconversion unemployment benefits for a limited period are provided for seamen with Federal maritime service on vessels operated by the War Shipping Administration. The new title is to be administered by the Federal Security Administrator, who is authorized to enter into agreements whereby a State unemployment insurance agency, acting as agent of the United States, will make the payments for the designated period under the provisions of its State law. The additional costs for these temporary benefits will be borne by the Federal Government. Though the act provides that the reconversion period, during which benefits may accrue, is to begin with the fifth Sunday after enactment of the law and end June 30, 1949, Congress did not appropriate funds for this purpose and the act provides that no benefits can be paid for unemployment occurring before the date funds are made available therefor.

Title IV—Technical and Miscellaneous Provisions.—Provisions affecting various programs are grouped under title IV.

Maternal and child health services, services for crippled children, and child welfare services (title V of the Social Security Act) are extended to the Virgin Islands as of January 1, 1947. The amendments also increase as of July 1, 1946, the authorization for grants to States for these three programs from $11.2 million annually to $22.0 million and authorize an increase in the amount for administrative expenses.

States that have collected contributions from employees under State unemployment insurance laws are permitted to use the money to finance disability insurance benefits. Of the nine States which have at some time collected employee contributions, one is already paying cash benefits for disability and one has enacted such legislation.

Other sections of title IV are designed to correct minor flaws, inequities, and anomalies that have come to light in the operation of old-age and survivors insurance. The most important changes are:

1. Liberalization of eligibility requirements for parent's benefits by changing the requirement that a parent must have been "wholly"

dependent on the deceased wage earner to "chiefly" dependent, and by permitting a dependent parent to qualify when the wage earner's surviving widow or child is neither immediately nor potentially eligible for monthly benefits. These provisions are effective for claims filed after 1946.

2. Revision of eligibility requirements for child's benefits (a) to permit the child to continue receiving benefits on the parent's wage record if, after the parent's death, he is adopted by a stepparent, grandparent, aunt, or uncle, but (b) to bar the child from benefits on the wage record of his primary beneficiary father if the child was living with and chiefly supported by a stepfather and was not receiving support from his father.

3. Repeal of the requirement that children aged 16 and 17 must attend school as a condition for receiving a child's benefit.

4. Liberalization, for claims filed after 1946, of the definition of "wife" and "child" to include a stepchild, adopted child, or a wife whose relationship had continued for the 36 months immediately before application for supplementary benefits was filed or, in the case of child's survivor benefits, 12 months before the wage earner died.

5. Authorization to compute the monthly benefit as of the time when, all other conditions of eligibility being met, the highest benefit amount would result, and liberalization of the terms under which benefits are recomputed to include wages received after the first computation.

6. Liberalization of the definition of "currently insured individual," for claims filed after 1946, to include wages in the quarter in which the wage earner dies.

7. Liberalization of the provision for retroactive payment for as much as 3 months by extending it to include the primary beneficiary, for claims filed after 1946.

8. Revision of the definition of the term "wages" to simplify the Administration's recordkeeping, the employer's reporting, and the payment of refunds of contributions to employees who receive wages of over $3,000 from more than one employer during a year.

9. Provision for allocating 1937 wages, which were reported semiannually, on a quarterly basis.

10. Elimination, for deaths occurring after 1946, of lump-sum death payments to a spouse who is not living with the worker at the time of his death and to children and parents (unless they have paid the worker's funeral expenses), and elimination, after February 10, 1947, of lump-sum payments under the 1935 provisions with respect to the wage records of persons who died before 1940.

11. Making the 2-year limitation on filing claims for lump-sum payments run from August 10, 1946, in the case of insured workers

who died outside the United States after December 6, 1941, and before August 10, 1946.

Title V—State Grants for Old-Age Assistance, Aid to Dependent Children, and Aid to the Blind.—This title makes three changes in the public assistance provisions of the Social Security Act (titles I, IV, and X), to be effective for the 15 months from October 1946 through December 1947.

(1) The maximum individual assistance payment up to which the Federal Government will contribute is increased from $40 a month to $45 for old-age assistance and aid to the blind, and for aid to dependent children from $18 a month for one child in the family and $12 for each additional child aided to $24 and $15, respectively.

(2) The method of determining Federal matching of assistance payments is changed. Formerly the Federal Government paid one-half of all individual assistance payments within the maximums of $40 for the aged and the blind and of $18 for the first child aided and $12 for each additional child. Under the amendments, the Federal Government will, subject to the maximums on individual payments stated in paragraph (1), pay two-thirds of the first $15 of the average State monthly assistance payment for the aged and the blind, and of the first $9 of such average payment for dependent children, plus one-half of the remainder of such average payments.

(3) The Federal share of the cost of State administration of assistance to the aged is put on the same basis as that for the blind and for dependent children, that is, one-half the sums expended for the proper and efficient administration of the State plan.

Senate Finance Committee Resolution

Senate Resolution 320, considered and agreed to on August 2, authorizes and directs the Senate Committee on Finance "to make a full and complete study and investigation of old-age and survivors insurance and all other aspects of social security, particularly in respect to coverage, benefits, and taxes related thereto so that the Senate may be prepared to deal with such legislation on these subjects as may hereafter originate in the House of Representatives under the requirements of the Constitution."

Railroad Retirement and Railroad Unemployment Insurance Acts

Public Law 572, amending the Railroad Retirement and Railroad Unemployment Insurance Acts and the Internal Revenue Code, was signed by the President on July 31. The new legislation establishes monthly benefits for survivors of insured railroad workers, or a lump-sum payment when no monthly benefit is immediately payable; these survivor benefits are similar to those paid under the Social Security Act but substantially higher—presumably in recognition of the higher

contributions under the railroad retirement system. Public Law 572 also amends the Social Security Act to make service in the railroad industry creditable toward survivor benefits which would begin to accrue under that act after 1946; provision is made for correlation of such benefits under the two Federal systems.

Cash benefits for sickness, equal in amount and duration to those for unemployment, and cash maternity benefits for women employees are also provided under the Railroad Unemployment Insurance Act.

Other changes made by Public Law 572 include liberalization of the conditions under which disability retirement benefits are payable; liberalization both in the requirements for and in the amounts of minimum retirement annuities payable to workers with low wages; increase in the maximum daily benefit in unemployment insurance; and extension of the maximum duration of unemployment benefits from 20 to 26 weeks in a benefit year. The contribution rate for the retirement program is increased to 5¾ percent each on employers and employees for 1947 and 1948; for the 3 years beginning 1949, the rate will be 6 percent each; and in 1952 and thereafter it will be 6¼ percent each. No change was made in the 3-percent tax on employers for railroad unemployment insurance purposes.

Public Employment Offices

Public Law 549, the Labor-Federal Security Appropriation Act of 1947, signed by the President on July 26, includes a provision directing the Secretary of Labor to transfer the public employment offices to State control on November 15, 1946. Operation of special veterans' employment services under the Servicemen's Readjustment Act of 1944 and of the employment office facilities and services in the District of Columbia remains with the United States Employment Service, which is also responsible under the Wagner-Peyser Act for ensuring adequate and uniform operating standards of State and local employment offices. The present legislation also empowers the Secretary of Labor to ensure protection of the rights of employees transferred from Federal to State employment under the terms of this act.

Hospital Survey and Construction Act

Public Law 725, the Hospital Survey and Construction Act, became law on August 13. The act authorizes an appropriation of $3 million to be allotted to the States on a population basis to cover one-third of the cost of surveying existing hospital facilities and developing construction programs for additional facilities. Appropriations of $75 million to cover one-third of the cost of constructing facilities in accordance with such programs are authorized for each of the 5 fiscal years beginning July 1, 1946. These funds are to be allotted on a basis which takes into account not only population but also relative State per capita income.

National Mental Health Act

Public Law 487, the National Mental Health Act, approved July 3, authorizes $7.5 million for erecting and equipping adequate hospital and related facilities in or near the District of Columbia, to be known as the National Institute of Mental Health. The Institute will serve as a center for research into and study of psychiatric disorders. The act also increases the amount authorized to be appropriated for grants-in-aid to the States for public health services with special emphasis, in allotment of these funds, to be given to the mental health problem of the State; and authorizes grants to public and private institutions for demonstrations and for training and instruction of qualified individuals.

SELECTED REFERENCES ON LEGISLATIVE DEVELOPMENTS AND PROPOSALS

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"Legislative Changes in Public Assistance, 1945." *Social Security Bulletin,* April 1946.

Medical Care Insurance; A Social Insurance Program for Personal Health Services. Report from the Bureau of Research and Statistics, Social Security Board, to the Committee on Education and Labor, U. S. Senate. (79th Cong., 2d sess., Senate Committee Print No. 5.)

National Health Program; Hearings Before the Committee on Education and Labor, U. S. Senate, 79th Cong., 2d sess., on S. 1606 . . . 1946. 5 parts. For excerpts from testimony of Federal Security Agency officials presented before the Committee, see *Social Security Bulletin,* May 1946.

A National Health Program; Message From the President to the Congress of the United States. (H. Doc. 380, 79th Cong.) 1945. See also *Social Security Bulletin,* December 1945.

"People on the Move: Effect of Residence Requirements for Public Assistance." *Social Security Bulletin,* January 1946.

"State Differences in Unemployment Compensation Taxes." *Social Security Bulletin,* October 1945.

"State Unemployment Compensation Laws of 1945." *Social Security Bulletin,* July 1945.

"Ten Years of Social Security." *Social Security Bulletin,* August 1945.

"Ten Years of Social Security Administration in the Southwest." *Social Security Bulletin,* May 1946.

"What Social Security Can Mean to the South." *Social Security Bulletin,* July 1945.

See the *Social Security Yearbooks* for lists of periodicals and other publications issued by the Social Security Board.

APPENDIX

Regional and Field Organization as of June 30, 1946

REGION I. Regional Director: John F. Hardy, Social Security Board, 120 Boylston Street, Boston 16, Mass.

Connecticut: 9 field offices—Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury.

Maine: 4 field offices—Augusta, Bangor, Lewiston, Portland.

Massachusetts: 21 field offices—Attleboro,[1] Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester; 1 branch office—Dorchester.

New Hampshire: 4 field offices—Concord, Littleton, Manchester, Portsmouth; 1 branch office—Nashua.

Rhode Island: 3 field offices—Pawtucket, Providence, Woonsocket; 1 branch office—Newport.

Vermont: 3 field offices—Burlington, Montpelier, Rutland.

Itinerant service stations—99.

REGIONS II–III. Regional Director: Peter Kasius, Social Security Board, 11 West Forty-second Street, New York 18, N. Y.

Delaware: 1 field office—Wilmington.

New Jersey: 10 field offices—Atlantic City, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton.

New York: 34 field offices—Albany, Auburn,[1] Binghamton, Buffalo, Elmira, Glens Falls, Gloversville, Jamestown, Kingston, Newburgh, New Rochelle, New York City (Manhattan, 4; Brooklyn, 3; Bronx, 2; Jamaica; Long Island City; Staten Island), Niagara Falls, Ogdensburg, Oswego,[1] Poughkeepsie, Rochester, Schenectady, Syracuse, Troy, Utica, Watertown, Yonkers.

Pennsylvania: 29 field offices—Allentown, Altoona, Ambridge, Braddock, Chester, Du Bois, Easton, Erie, Greensburg, Harrisburg, Hazleton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown, Oil City,[1] Philadelphia County (Philadelphia; Germantown; Kensington), Pittsburgh, Pottsville, Reading, Scranton, Uniontown, Wilkes-Barre, Williamsport, York.

Itinerant service stations—184.

REGION IV. Regional Director: Lavinia Engle, Social Security Board, Lenox Building, 1523 L Street NW., Washington 25, D. C.

District of Columbia: 1 field office—Washington.

Maryland: 4 field offices—Baltimore, Cumberland, Hagerstown, Salisbury.

North Carolina: 13 field offices—Asheville, Charlotte, Durham, Fayetteville, Gastonia, Greensboro, Hickory, High Point, Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem.

Virginia: 10 field offices—Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton.

West Virginia: 9 field offices—Beckley,[1] Bluefield, Charleston, Clarksburg, Huntington, Logan,[1] Morgantown,[1] Parkersburg, Wheeling.

Itinerant service stations—139.

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[1] Opened during fiscal year 1945–46.

REGION V. Regional Director: Mary E. Woods, Social Security Board, Room 400, 1100 Chester Avenue, Cleveland 14, Ohio

Kentucky: 10 field offices—Ashland, Bowling Green, Corbin, Covington, Frankfort, Hazard, Lexington, Louisville, Owensboro, Paducah.

Michigan: 18 field offices—Battle Creek, Bay City, Detroit and Wayne County (Detroit, 2; Dearborn; Highland Park), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Port Huron,[1] Saginaw, Traverse City.

Ohio: 21 field offices—Akron, Ashtabula, Canton, Cincinnati, Cleveland, (3),[2] Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Portsmouth, Springfield, Steubenville,[1] Toledo, Warren, Youngstown, Zanesville.

Itinerant service stations—199.

REGION VI. Regional Director: Robert W. Beasley, Social Security Board, Room 2200, 188 West Randolph Street, Chicago 1, Ill.

Illinois: 24 field offices—Aurora, Bloomington,[1] Champaign,[1] Chicago and Cook County (Chicago, 5; Cicero; Evanston; Harvey; Oak Park), Danville, Decatur, East St. Louis, Harrisburg, Joliet, Mount Vernon, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan; 1 branch office—Galesburg.

Indiana: 15 field offices—Anderson,[1] Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute.

Wisconsin: 12 field offices—Eau Claire, Fond du Lac, Green Bay, Janesville,[1] La Crosse, Madison, Milwaukee, Oshkosh,[1] Racine, Sheboygan, Superior, Wausau; 1 branch office—Kenosha.

Itinerant service stations—239.

REGION VII. Regional Director: Richard H. Lyle, Social Security Board, 441 West Peachtree Street, Atlanta 3, Ga.

Alabama: 8 field offices—Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa.

Florida: 9 field offices—Gainesville,[1] Jacksonville, Miami, Orlando, Pensacola, St. Petersburg, Tallahassee, Tampa, West Palm Beach.

Georgia: 10 field offices—Albany, Athens, Atlanta, Augusta, Columbus, Lagrange,[1] Macon, Rome, Savannah, Waycross.

Mississippi: 7 field offices—Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Vicksburg.

South Carolina: 7 field offices—Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg.

Tennessee: 8 field offices—Chattanooga, Columbia,[1] Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville.

Itinerant service stations—342.

REGION VIII. Regional Director: Chester B. Lund, Social Security Board, Midland Bank Building, Fourth Street and Second Avenue, Minneapolis 1, Minn.

Iowa: 9 field offices—Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Mason City,[1] Ottumwa, Sioux City, Waterloo.

Minnesota: 8 field offices—Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, St. Cloud, St. Paul, Winona.

Nebraska: 5 field offices—Grand Island, Lincoln, North Platte, Omaha, Scottsbluff.[1]

North Dakota: 4 field offices—Bismarck, Fargo, Grand Forks, Minot.

South Dakota: 4 field offices—Aberdeen, Huron,[1] Rapid City, Sioux Falls.

Itinerant service stations—68.

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[1] Opened during fiscal year 1945–46.

[2] Two opened during fiscal year 1945–46.

REGION IX. Regional Director: Ed McDonald, Social Security Board, 1006 Grand Avenue, Kansas City 6, Mo.

Arkansas: 7 field offices—El Dorado, Fort Smith, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana.
Kansas: 8 field offices—Dodge City, Hutchinson,[1] Independence, Kansas City, Pittsburg,[1] Salina, Topeka, Wichita.
Missouri: 10 field offices—Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kansas City, St. Joseph, St. Louis (2), Springfield.
Oklahoma: 7 field offices—Ardmore, Enid, Lawton, McAlester, Muskogee, Oklahoma City, Tulsa.
Itinerant service stations—169.

REGION X. Regional Director: James B. Marley, Social Security Board, North Presa and East Houston Streets, San Antonio 5, Tex.

Louisiana: 6 field offices—Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport.
New Mexico: 2 field offices—Albuquerque, Roswell[1]; 1 branch office—Santa Fe.
Texas: 19 field offices—Abilene, Amarillo, Austin, Beaumont, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Lubbock, Lufkin, Paris, San Angelo, San Antonio, Tyler, Waco, Wichita Falls.
Itinerant service stations—122.

REGION XI. Regional Director: Heber R. Harper, Social Security Board, 321 Equitable Building, 730 Seventeenth Street, Denver 2, Colo.

Colorado: 5 field offices—Colorado Springs, Denver, Grand Junction, Greeley, Pueblo.
Idaho: 3 field offices—Boise, Pocatello, Twin Falls.
Montana: 5 field offices—Billings, Butte, Great Falls, Helena, Missoula.
Utah: 2 field offices—Ogden, Salt Lake City.
Wyoming: 3 field offices—Casper, Cheyenne, Rock Springs.
Itinerant service stations—75.

REGION XII. Acting Regional Director: Helen V. Bary, Social Security Board, 785 Market Street, San Francisco 3, Calif.

Arizona: 3 field offices—Flagstaff, Phoenix, Tucson.
California: 21 field offices—Bakersfield, Eureka,[1] Fresno, Los Angeles County (Glendale; Hollywood; Huntington Park; Long Beach; Los Angeles; Pasadena), Oakland, Redding, Sacramento, San Bernadino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Monica,[1] Santa Rosa, Stockton; 1 branch office—Inglewood.
Nevada: 2 field offices—Las Vegas, Reno.
Oregon: 5 field offices—Eugene, Klamath Falls, La Grande, Portland, Salem.
Washington: 6 field offices—Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima.
Itinerant service stations—71.

REGION XIII. Regional Director: Hugh J. Wade, Social Security Board, P. O. Box 1331, Juneau, Alaska

REGION XIV. Regional Director: Harold S. Burr, Social Security Board, 434 Dillingham Building, Honolulu 16, Hawaii

Hawaii: 1 field office—Honolulu.

AREA OFFICES

188 West Randolph Street, Chicago 1, Ill.; 2605 Walnut Street, Kansas City 8, Mo.[1]; 829 St. Charles Street, New Orleans 13, La.; 155 East Forty-fourth Street, New York 17, N. Y.; 121 North Broad Street, Philadelphia 7, Pa.; 22 Battery Street, San Francisco 11, Calif.

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[1] Opened during fiscal year 1945–46.

TABLE 1.—*Social Security Board administration: Personnel, salaries, travel, and general expenses, by Bureau or Office, fiscal year 1945–46*

Bureau or Office	Personnel, June 30, 1946			Expenses, fiscal year 1945–46 (in thousands)			
	Total	Departmental	Field	Total	Salaries	Travel	General expenses
Total	11,261	5,548	5,713	$30,081	$25,864	$766	$3,451
Office of the Board	14	14	-------	70	68	2	(1)
Office of the Executive Director	484	473	11	1,288	1,168	34	[2] 86
Regional and Territorial offices	385	-------	385	1,135	898	16	221
Office of the Actuary	14	14	-------	55	54	1	(1)
Office of Appeals Council	36	11	25	162	142	20	(1)
Bureau of Old-Age and Survivors Insurance	9,494	4,470	5,024	24,304	20,805	450	3,049
Bureau of Employment Security	227	195	32	798	735	54	9
Bureau of Public Assistance	[3] 265	171	94	997	915	78	4
Bureau of Accounts and Audits	233	103	130	785	688	94	3
Bureau of Research and Statistics	64	64	-------	237	226	2	9
Informational Service	45	33	12	250	165	15	70

[1] Included in amount for the Office of the Executive Director.
[2] Includes amounts for the Office of the Board, Office of the Actuary, and Office of Appeals Council.
[3] Includes 14 departmental and 11 field employees engaged in the program for surplus property utilization.

TABLE 2.—*Social Security Board administration: Appropriations [1] and expenses, [2] fiscal years 1944–46*

[In thousands; data as of June 30, 1946]

Item	1945–46	1944–45	1943–44
	Appropriations [1]		
Total	$529,425	$471,268	$477,040
Grants to States	499,208	444,472	450,082
Old-age assistance [3]	} [5] 441,087	} [5] 410,058	[4] 343,654
Aid to dependent children [3]			[6] 56,890
Aid to the blind [3]			10,115
Unemployment compensation administration	[7] 58,121	[7] 34,414	[7] 39,423
Administrative expenses of the Social Security Board [8]	30,217	26,796	26,958
Salaries	25,953	22,711	22,451
Travel	806	783	858
General expenses	3,458	3,302	3,649
	Expenses [2]		
Total	$527,259	$470,593	$466,725
Grants to States	497,178	444,391	440,991
Old-age assistance [3]	368,524	345,738	340,776
Aid to dependent children [3]	60,126	53,891	54,402
Aid to the blind [3]	10,482	10,355	9,764
Unemployment compensation administration	[9] 58,046	[9] 34,407	[9] 36,049
Administrative expenses of the Social Security Board	30,081	26,202	25,734
Salaries	25,864	22,269	21,932
Travel	766	704	713
General expenses	3,451	3,229	3,089

[1] Includes regular and deficiency appropriations to the Board; allotments and transfers to the Board for administrative expenses from appropriations of the Federal Security Agency; transfers from the War Manpower Commission and the Department of Labor for 1943–44, 1944–45, and 1945–46; and recoveries from public assistance recipients or their estates. Excludes allocations for the war emergency programs.
[2] Obligations against funds available for fiscal year as defined in footnote 1 for grants to States (advances certified) and administrative expenses of the Social Security Board, including amounts for administration of title II of the Social Security Act for which the general fund of the Treasury is reimbursed from the old-age and survivors insurance trust fund.
[3] A single appropriation covered the 3 public assistance programs for 1944–45 and 1945–46. Appropriations and expenses for 1943–44 reflect transfers among the 3 programs.
[4] Includes recoveries of $303,887.
[5] Includes recoveries of $87,435 in 1945–46 and $257,910 in 1944–45.
[6] Includes recoveries of $4,976.
[7] Includes $1,078,965 for 1945–46, $4,417,892 for 1944–45, and $4,095,411 for 1943–44 transferred from the WMC and the Department of Labor to reimburse States for facilities and services furnished to the U. S. Employment Service.
[8] Reflects transfers from the Social Security Board's appropriations to the Federal Security Agency.
[9] Includes expenditures by State agencies for facilities and services furnished to the USES, reimbursed in 1945–46, 1944–45, and 1943–44, respectively, from the $1.1 million, $4.4 million, and $4.1 million received from the WMC and the Department of Labor.

TABLE 3.—*Financing social insurance under the Social Security Act: Contributions collected and trust fund operations, fiscal years 1944–46*

[In millions]

Item	1945–46	1944–45	1943–44
Contributions collected under:			
Federal Insurance Contributions Act [1]	$1,238	$1,310	$1,292
Federal Unemployment Tax Act [2]	180	185	180
State unemployment insurance laws [3 4]	1,009	1,252	1,353
Old-age and survivors insurance trust fund:			
Receipts, total	1,386	1,434	1,395
Appropriations [5]	1,238	1,310	1,292
Interest	148	124	103
Expenditures, total	358	267	217
Monthly benefits and lump-sum payments [6]	321	240	185
Administration [7]	37	27	33
Assets, end of year	7,641	6,613	5,446
State accounts in the unemployment trust fund:			
Receipts, total	1,140	1,369	1,438
Deposits [4]	1,010	1,256	1,349
Interest	130	113	89
Withdrawals for benefit payments	1,129	70	60
Assets, end of year	6,691	6,679	5,380

[1] 1-percent tax paid by employers and by employees on wages up to and including $3,000 a year.
[2] Tax paid only by employers of 8 or more. Employers offset against this tax—up to 90 percent of the amount assessed—contributions which they have paid under State unemployment insurance laws or full amount they would have paid if they had not been allowed reduced contribution rates under State experience-rating provisions. Rate is 3 percent of first $3,000 a year of wages paid to each employee by subject employer; because of credit offset, effective rate is 0.3 percent of such wages.
[3] Contributions plus penalties and interest collected from employers and contributions from employees, reported by State agencies; corrected to Aug. 20, 1946.
[4] Contributions and deposits by States differ slightly, primarily because of time lag in making deposits.
[5] Equal to amounts collected under the Federal Insurance Contributions Act.
[6] Checks-cashed basis.
[7] Figures do not reflect actual expenses in the respective years because of bookkeeping adjustments.

Source: Compiled from U. S. Treasury and State agency reports.

TABLE 4.—*Old-age and survivors insurance: Monthly benefits in force for family groups, June 30, 1946 and 1945*

[In thousands, except for average benefit; estimated from a 20-percent sample; corrected to Aug. 30, 1946]

Type of family and entitled beneficiaries	June 30, 1946				June 30, 1945			
	Number of families	Number of beneficiaries	Monthly benefits in force		Number of families	Number of beneficiaries	Monthly benefits in force	
			Total monthly amount	Average per family			Total monthly amount	Average per family
Total	1,096.1	1,700.7	$32,271	$29.40	813.0	1,284.7	$23,607	$29.00
Retired-worker families:								
Worker only:								
Male	410.3	410.3	10,175	24.80	286.4	286.4	6,904	24.10
Female	91.9	91.9	1,820	19.80	69.0	69.0	1,337	19.40
Worker and wife	217.8	435.6	8,463	38.90	153.3	306.6	5,812	37.90
Worker and 1 child	9.8	19.6	361	36.80	6.8	13.6	241	35.40
Worker and 2 or more children	5.2	15.8	240	46.20	3.5	10.7	154	44.10
Worker, wife, and children	.2	.6	9	(1)	.2	.5	8	(1)
Survivor families:								
Aged widow only	112.0	112.0	2,262	20.20	83.0	83.0	1,676	20.20
Widow and 1 child	91.7	183.4	3,136	34.20	79.3	158.7	2,697	34.00
Widow and 2 children	50.3	150.9	2,409	47.90	42.9	128.7	2,036	47.40
Widow and 3 or more children	26.5	108.4	1,352	51.00	22.8	92.8	1,150	50.40
1 child only	31.5	31.5	398	12.60	27.1	27.1	338	12.40
2 children	14.8	29.6	354	23.90	12.6	25.2	299	23.70
3 children	8.8	26.4	310	35.30	7.2	21.5	254	35.30
4 or more children	19.0	77.9	892	46.90	13.6	55.2	626	46.20
1 parent	5.7	5.7	75	13.20	4.8	4.8	64	13.20
2 parents	.6	1.1	14	(1)	.5	.9	11	(1)

[1] No average shown because based on too few cases.

TABLE 5.—*Old-age and survivors insurance: Selected data on benefits and wage credits, by State, for specified periods, 1944–46*

[In thousands, except for average wage credits]

State [1]	Monthly benefits in force, June 30 [2]		Payments certified, fiscal year [2]			Workers with wage credits, calendar year [3]	Amount of wage credits, calendar year [6]		Employee accounts established, fiscal year [7]	Employers reporting taxable wages, July–September [8]
	Number	Amount	Total [3]	Monthly benefits	Lump-sum payments [4]		Total	Average per worker		
1943–44 [9]	998.2	$18,252	$192,438	$173,281	$19,134	47,656	$61,416,000	$1,289	5,778	1,998
1944–45 [9]	1,284.7	23,607	250,638	224,752	25,863	46,296	63,363,000	1,369	3,979	2,038
1945–46 [9]	1,700.7	32,271	337,061	311,017	26,029	45,696	61,448,000	1,345	2,953	2,151
Ala.	25.1	378	4,051	3,772	279	815	753,002	924	63	24
Alaska	.4	9	95	82	13	53	56,207	1,053	2	2
Ariz.	5.2	95	1,006	926	80	203	179,598	883	15	8
Ark.	11.3	163	1,743	1,604	139	375	260,055	693	43	19
Calif.	116.2	2,364	23,264	21,333	1,931	4,159	5,290,185	1,272	211	151
Colo.	11.9	223	2,206	2,054	152	362	320,322	885	29	20
Conn.	35.1	747	7,492	6,909	583	950	1,476,599	1,544	29	32
Del.	4.5	88	889	825	64	160	196,704	1,229	5	5
D. C.	7.5	140	1,515	1,349	166	354	323,506	913	30	14
Fla.	27.0	483	4,911	4,606	305	791	652,215	824	58	35
Ga.	24.4	354	3,768	3,432	336	962	763,774	794	80	27
Hawaii	4.1	69	684	655	29	123	146,412	1,190	12	11
Idaho	4.2	73	687	660	27	148	117,051	792	12	8
Ill.	113.1	2,260	23,361	21,252	2,109	3,623	4,863,745	1,342	152	166
Ind.	46.9	888	9,208	8,500	708	1,452	1,880,249	1,295	64	56
Iowa	21.6	375	3,792	3,550	242	609	592,346	972	72	43
Kans.	16.8	288	2,920	2,733	187	576	554,077	963	35	30
Ky.	26.9	431	4,580	4,292	288	666	615,008	924	60	26
La.	18.9	305	3,186	2,918	268	724	695,603	960	58	26
Maine	15.7	280	2,723	2,556	167	325	364,892	1,123	21	16
Md.	24.1	444	4,700	4,294	406	860	1,055,506	1,228	44	28
Mass.	81.4	1,647	16,624	15,330	1,294	1,863	2,559,115	1,374	78	71
Mich.	78.2	1,576	16,073	14,711	1,362	2,525	4,037,212	1,599	103	85
Minn.	25.6	494	5,075	4,714	361	779	861,159	1,106	64	46
Miss.	9.6	132	1,344	1,232	112	397	250,010	630	47	17
Mo.	40.2	757	7,722	7,076	646	1,361	1,406,023	1,033	75	63
Mont.	5.2	99	998	927	71	137	133,289	970	11	10
Nebr.	8.5	146	1,469	1,346	123	341	320,457	941	25	21
Nev.	1.4	28	290	250	40	82	70,373	858	4	3
N. H.	9.3	173	1,661	1,553	108	179	186,718	1,045	13	9
N. J.	70.7	1,473	15,300	13,968	1,332	2,041	2,855,119	1,399	78	80
N. Mex.	3.1	48	492	465	27	130	85,661	659	15	8
N. Y.	213.3	4,239	50,218	46,558	3,660	6,410	8,783,291	1,370	314	329
N. C.	29.2	419	4,458	4,129	329	1,028	831,125	809	84	32
N. Dak.	2.1	35	367	329	38	98	63,442	647	13	8
Ohio	112.9	2,258	22,856	21,098	1,758	3,153	4,542,595	1,441	122	106
Okla.	14.4	242	2,525	2,336	189	603	553,492	918	45	29
Oreg.	21.0	417	3,766	3,497	269	599	704,670	1,177	28	17
Pa.	172.2	3,394	35,463	32,837	2,626	3,913	5,488,677	1,403	169	139
R. I.	16.2	334	3,293	3,054	239	342	446,011	1,302	13	12
S. C.	14.9	205	2,174	2,005	169	510	376,655	738	48	17
S. Dak.	2.8	50	509	477	32	111	73,327	663	12	9
Tenn.	23.7	364	3,815	3,521	294	987	853,899	865	77	31
Tex.	47.6	763	8,086	7,366	720	2,092	2,042,846	977	184	107
Utah	6.2	110	1,099	1,036	63	203	190,138	939	14	7
Vt.	5.3	95	905	853	52	112	103,618	924	8	6
Va.	27.3	441	4,624	4,301	323	877	781,378	891	62	31
Wash.	31.5	641	6,129	5,701	428	1,075	1,306,250	1,215	45	30
W. Va.	25.7	444	4,821	4,533	288	584	728,772	1,248	39	21
Wis.	38.4	754	7,750	7,177	573	1,117	1,494,145	1,338	62	55
Wyo.	1.9	36	359	335	24	88	76,477	870	6	5

[1] State distribution estimated, except for employee accounts established.

[2] Data for beneficiaries residing in foreign countries are allocated to the State in which claim was filed.

[3] United States totals include lump-sum payments under the 1935 act, not distributed by State, amounting to $22,000 in 1943–44, $24,000 in 1944–45, and $15,000 in 1945–46.

[4] Under the 1939 amendments. For lump-sum payments under the 1935 act, see footnote 3.

[5] United States totals represent number of different workers employed at some time during 1943, 1944, and 1945, respectively. State data represent workers employed in the State at some time during 1944; workers employed in more than 1 State counted once in each of the States in which employed.

[6] United States totals are for 1943, 1944, and 1945, respectively. State data represent 1944 wage credits, distributed according to the State where wages were paid.

[7] For 1945–46, covers period July 1, 1945–June 28, 1946. For 1943–44, excludes accounts issued to Federa civilian employees of the War Department.

[8] Employer returns for July–September 1943, 1944, and 1945, respectively. A return may relate to more than 1 establishment if the employer operates several establishments but reports for the concern as a whole. Employers operating in more than 1 State are included in the State from which return is filed.

[9] See column heads for period to which data relate.

TABLE 6.—*Old-age and survivors insurance: Benefits in force and in current-payment status, payments certified, and workers with wage credits, for specified periods, 1944–46*

[Corrected to Aug. 30, 1946]

Item	Fiscal year		
	1945–46	1944–45	1943–44
Benefits in force (end of period):			
Number	1,700,696	1,284,679	998,229
Primary	735,154	519,186	417,921
Wife's	218,017	153,521	121,645
Child's	460,161	378,315	287,368
Widow's	112,025	83,007	58,107
Widow's current	168,497	144,923	108,721
Parent's	6,842	5,727	4,467
Total monthly amount	$32,270,667	$23,606,761	$18,252,457
Primary	17,998,604	12,357,934	9,805,734
Wife's	2,816,565	1,937,931	1,517,354
Child's	5,745,188	4,692,331	3,545,892
Widow's	2,262,806	1,672,764	1,171,475
Widow's current	3,358,188	2,870,973	2,153,432
Parent's	89,316	74,828	58,570
Average monthly amount:			
Primary	$24.48	$23.80	$23.46
Wife's	12.92	12.62	12.47
Child's	12.49	12.40	12.34
Widow's	20.20	20.15	20.16
Widow's current	19.93	19.81	19.81
Parent's	13.05	13.07	13.11
Benefits in current-payment status (end of period):			
Number	1,502,085	1,106,002	846,303
Primary	632,038	430,723	339,954
Wife's	193,241	132,155	103,164
Child's	431,202	348,413	261,806
Widow's	110,168	81,500	57,126
Widow's current	128,688	107,597	79,866
Parent's	6,748	5,614	4,387
Total monthly amount	$28,210,828	$20,162,831	$15,350,875
Primary	15,443,266	10,310,626	8,027,699
Wife's	2,496,588	1,680,602	1,297,794
Child's	5,391,169	4,324,073	3,234,191
Widow's	2,225,871	1,642,415	1,151,346
Widow's current	2,565,790	2,131,699	1,582,297
Parent's	88,144	73,416	57,548
Average monthly amount:			
Primary	$24.43	$23.94	$23.61
Wife's	12.92	12.72	12.58
Child's	12.50	12.41	12.35
Widow's	20.20	20.15	20.15
Widow's current	19.94	19.81	19.81
Parent's	13.06	13.08	13.12
Payments certified during period:			
Monthly benefits	$311,017,291	$224,751,610	$173,281,396
Primary	164,245,802	114,587,797	90,931,439
Supplementary	28,750,454	20,218,139	15,843,939
Survivor	118,021,035	89,945,674	66,506,018
Lump-sum payments	26,043,831	25,886,565	19,156,496
1939 amendments	26,028,847	25,862,633	19,134,018
1935 act	14,984	23,932	22,478
Total estimated number of living workers with wage credits (midpoint of period—Jan. 1)	73,200,000	70,200,000	65,700,000
Fully insured	33,800,000	31,800,000	29,900,000
Currently but not fully insured	7,700,000	6,600,000	5,000,000
Uninsured	31,700,000	31,800,000	30,800,000

TABLE 7.—*Unemployment insurance: Selected data on benefits, claims, employment, and finance, by State, for specified periods, 1945–46*

State	Beneficiaries,[1] fiscal year	Benefit payments, fiscal year			Weeks compensated, fiscal year (in thousands)	Initial claims,[4] fiscal year (in thousands)	Workers with wage credits,[5] calendar year (in thousands)	Employers subject to State law, June 30 (in thousands)	Funds available for benefits, June 30[6] (in millions)	Federal grants for administration,[7] fiscal year (in thousands)
		Total amount[2] (in thousands)	Average weekly benefit for total unemployment	Ratio of benefits[2] to collections[3] (percent)						
1943–44[8]	528,072	$60,994	$14.96	4.5	4,259	1,552	44,000	865	$5,389	$31,574
1944–45[8]	594,348	71,209	16.70	5.7	4,447	1,688	43,000	903	6,685	29,785
1945–46[8]	5,263,142	1,091,369	18.81	108.2	58,698	10,843	[9]42,500	1,139	6,732	[10]56,104
Ala.	73,606	16,108	17.00	252.5	954	141	714	7	57	648
Alaska	2,491	401	15.74	37.0	26	2	48	2	9	87
Ariz.	12,124	1,567	14.62	50.3	108	32	184	5	20	219
Ark.	27,242	2,912	12.71	53.2	231	78	359	21	31	429
Calif.	590,734	145,582	19.23	101.3	7,656	1,098	3,641	191	709	5,475
Colo.	9,846	892	13.88	17.9	65	31	311	4	38	183
Conn.	134,154	27,294	21.06	105.6	1,307	247	873	15	172	1,025
Del.	10,422	1,990	16.58	204.7	123	22	157	5	14	154
D. C.	5,674	943	17.53	51.1	54	10	349	16	44	299
Fla.	37,234	4,768	14.24	44.6	339	87	710	9	61	417
Ga.	45,109	8,606	16.05	70.4	538	94	830	9	81	616
Hawaii	453	55	21.70	3.0	3	1	136	7	19	81
Idaho	4,276	594	15.74	22.5	38	13	156	10	16	174
Ill.	435,686	79,244	18.90	135.9	4,275	872	3,237	44	491	3,411
Ind.	158,432	29,595	17.78	134.0	1,686	403	1,266	12	174	1,186
Iowa	27,476	4,940	16.27	52.9	309	63	503	8	65	294
Kans.	55,066	10,271	15.31	129.5	678	89	435	6	51	465
Ky.	39,290	5,993	12.53	54.1	482	126	501	10	90	456
La.	53,571	11,266	16.17	85.4	710	127	619	13	78	716
Maine	36,502	4,699	16.04	79.3	303	53	247	4	37	255
Md.	142,053	25,051	19.13	148.7	1,341	194	813	31	117	725
Mass.	185,332	35,566	19.90	163.0	1,824	357	1,812	77	203	2,314
Mich.	419,548	123,310	21.52	202.5	5,723	918	2,034	23	218	3,832
Minn.	48,726	9,561	17.04	56.3	570	105	740	25	95	776
Miss.	12,799	1,613	13.15	26.8	125	37	329	5	29	264
Mo.	131,739	22,281	16.56	99.0	1,358	311	1,195	13	157	961
Mont.	6,867	890	13.49	24.6	66	19	118	10	21	153
Nebr.	10,996	1,817	16.41	61.6	113	24	263	5	27	175
Nev.	2,323	422	18.13	28.1	23	8	73	3	11	113
N. H.	7,130	683	13.69	22.4	52	21	150	4	24	168
N. J.	321,670	87,592	20.51	137.6	4,324	572	1,790	30	419	3,079
N. Mex.	1,447	167	13.43	8.4	13	8	142	7	11	126
N. Y.	714,583	149,893	19.58	93.7	7,798	1,739	5,766	139	983	7,955
N. C.	35,929	4,161	12.31	26.0	342	73	779	12	115	671
N. Dak.	1,171	180	17.08	23.4	11	5	66	2	6	83
Ohio	249,693	60,353	18.97	104.5	3,197	445	3,045	59	469	2,788
Okla.	45,935	9,815	17.06	181.4	581	109	495	7	42	428
Oreg.	99,469	15,854	16.92	137.1	943	151	555	12	66	679
Pa.	529,159	84,645	18.22	141.9	4,661	1,125	3,824	150	585	4,417
R. I.	71,738	11,882	17.41	89.1	700	107	309	8	73	374
S. C.	8,846	1,120	13.77	21.8	82	31	444	4	42	291
S. Dak.	1,085	118	12.97	20.0	9	4	75	2	7	70
Tenn.	70,782	10,704	13.58	61.1	792	132	867	8	89	763
Tex.	78,523	13,657	15.92	86.9	867	180	1,715	22	154	1,221
Utah	11,249	3,120	23.60	63.9	134	26	201	9	27	245
Vt.	5,228	836	16.98	46.5	50	10	95	2	13	122
Va.	45,913	3,916	12.89	47.0	312	73	766	9	68	426
Wash.	126,543	35,888	21.28	125.7	1,701	214	999	40	138	1,206
W. Va.	50,201	8,448	16.37	88.8	523	136	500	5	70	473
Wis.	65,512	9,906	17.95	47.3	568	114	991	16	188	701
Wyo.	1,565	200	18.96	17.4	11	3	78	5	9	105

[1] Based on number of first payments.

[2] Adjusted for voided benefit checks.

[3] Contributions, penalties, and interest from employers, and contributions from employees. Adjusted for refunds of contributions and for dishonored contribution checks.

[4] New claims, plus claims filed at beginning of an additional spell of unemployment during a previously established benefit year.

[5] Estimated number of different workers in each State with wages in covered employment some time in calendar years 1943, 1944, and 1945, respectively, after adjustment for duplication resulting from employment of individual workers in more than 1 State during same year. Gross totals before adjustment are: for 1943, 49,496,000; for 1944, 47,538,000; for 1945, 46,304,100.

(*Continued on next page*)

TABLE 8.—*Unemployment insurance: State accounts in the Federal unemployment trust fund, by State, fiscal year 1945–46* [1]

[In thousands]

State	Deposits	Interest	Withdrawals	Balance, end of year
Total	$1,010,739	$130,479	[2] $1,144,024	$6,676,492
Alabama	6,243	1,197	16,385	56,823
Alaska	1,054	157	420	8,459
Arizona	3,127	376	1,645	20,295
Arkansas	5,466	576	3,195	30,948
California	143,928	13,796	151,784	702,776
Colorado	4,987	685	920	37,788
Connecticut	25,845	3,293	27,700	171,535
Delaware	972	269	2,151	13,490
District of Columbia	1,845	833	1,245	44,087
Florida	10,699	1,108	5,025	60,547
Georgia	12,125	1,525	8,925	80,988
Hawaii	1,808	351	60	19,243
Idaho	2,640	292	720	16,206
Illinois	58,305	9,633	82,600	486,743
Indiana	23,087	3,418	33,770	170,917
Iowa	9,379	1,191	5,035	64,563
Kansas	7,915	1,011	10,735	50,144
Kentucky	11,073	1,668	[2] 7,239	89,094
Louisiana	13,193	1,515	11,920	77,638
Maine	5,942	701	4,850	36,704
Maryland	16,849	2,369	26,450	115,487
Massachusetts	21,820	4,046	36,800	201,870
Michigan	60,846	4,731	134,900	205,538
Minnesota	16,940	1,757	11,045	93,014
Mississippi	6,020	512	1,694	28,888
Missouri	22,560	3,040	22,890	156,207
Montana	3,524	363	1,060	20,233
Nebraska	2,960	506	1,960	26,705
Nevada	1,496	200	509	10,916
New Hampshire	3,051	431	1,035	23,613
New Jersey	63,704	8,318	88,540	418,276
New Mexico	1,975	203	190	11,442
New York	159,889	18,724	153,675	979,216
North Carolina	15,967	2,079	4,310	114,300
North Dakota	765	101	293	5,477
Ohio	57,960	9,072	60,495	468,097
Oklahoma	5,405	855	12,165	40,089
Oregon	11,564	1,370	16,090	66,231
Pennsylvania	59,622	11,460	91,150	577,835
Rhode Island	13,341	1,389	12,725	72,177
South Carolina	5,121	755	1,634	41,172
South Dakota	585	125	116	6,807
Tennessee	17,504	1,664	10,850	88,473
Texas	15,962	2,943	14,129	153,494
Utah	4,895	503	3,365	26,494
Vermont	1,796	241	1,045	12,951
Virginia	8,815	1,253	4,580	67,655
Washington	28,545	2,851	34,994	139,026
West Virginia	9,498	1,337	8,700	69,418
Wisconsin	20,974	3,527	10,100	187,709
Wyoming	1,153	158	210	8,694

[1] Trust fund maintains a separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Deposits include those not cleared by the Treasurer of the United States; interest includes accrued interest receivable; withdrawals include outstanding checks; these items excluded from table 3.

[2] Includes withdrawals from the Kentucky account for administrative expenses of the State unemployment insurance program; equivalent amounts, recorded as grants to the State for unemployment insurance administration, were paid by the Social Security Board for the State to the railroad unemployment account in accordance with section 13 of the Railroad Unemployment Insurance Act.

Source: Compiled from data furnished by the Treasury Department, Bureau of Accounts.

Footnotes to table 7—Continued

[8] Sum of balances in State clearing accounts, benefit-payment accounts, and unemployment trust fund accounts maintained in the U. S. Treasury.

[7] Advances for unemployment insurance administration certified to State agencies during fiscal year, including amount reimbursed to the War Manpower Commission and the Department of Labor for services and facilities provided to State agencies by the USES. Excludes amounts for services and facilities furnished to the USES by State agencies as well as unencumbered balances reallotted to State agencies. Totals include, but State figures exclude, expenses for postage.

[8] See column heads for period to which data relate.

[9] Preliminary estimate.

[10] Expenses for postage partly estimated.

TABLE 9.—*Special types of public assistance under plans approved by the Social Security Board: Number of recipients and average payment, June 1946, and total payments to recipients, fiscal year 1945–46, by program and State*

State	Old-age assistance			Aid to dependent children				Aid to the blind		
	Number of recipients, June	Payments to recipients		Number of recipients, June		Payments to recipients		Number of recipients, June	Payments to recipients	
		Average payment, June	Total, fiscal year (in thousands)	Families	Children	Average payment per family, June	Total, fiscal year (in thousands)		Average payment, June	Total, fiscal year (in thousands)
1943–44	2,087,748	$27.56	$679,329	260,126	651,208	$43.13	$135,156	57,867	$28.66	$18,468
1944–45	2,038,395	29.46	701,951	255,578	646,582	47.46	138,084	55,465	30.27	19,802
1945–46	2,108,216	31.48	761,587	311,250	799,325	53.71	172,800	57,615	32.89	21,409
Ala.	38,686	18.18	6,681	6,752	18,916	28.59	1,860	850	18.24	158
Alaska	1,366	41.03	622	113	309	48.46	36			
Ariz.	9,748	38.78	4,422	1,821	5,260	39.49	736	531	46.59	268
Ark.	27,579	17.02	5,210	4,539	12,156	28.26	1,308	1,194	18.98	255
Calif.	162,308	47.66	90,901	7,985	20,160	88.80	7,253	5,904	57.95	3,722
Colo.	40,367	41.48	20,068	3,641	9,912	61.65	2,410	447	36.59	196
Conn.	14,689	40.93	6,595	2,734	6,730	90.79	2,345	138	40.67	60
Del.	1,187	19.27	262	273	783	75.47	239	48	30.46	6
D. C.	2,278	33.69	978	790	2,452	65.12	553	197	36.75	90
Fla.	45,902	30.55	15,282	6,609	16,244	34.13	2,539	2,387	31.78	853
Ga.	69,739	13.00	9,628	4,780	12,130	27.30	1,276	2,099	15.76	359
Hawaii	1,497	25.15	425	659	2,064	71.78	448	62	28.23	20
Idaho	9,857	32.84	3,744	1,430	3,807	61.90	870	202	34.94	82
Ill.	124,889	33.98	48,814	21,785	52,988	68.50	14,996	4,986	35.15	2,098
Ind.	54,557	26.51	16,988	6,596	15,954	38.31	2,736	1,929	29.39	686
Iowa	48,357	33.96	19,001	3,579	9,206	33.86	1,236	1,220	38.95	527
Kans.	29,505	30.76	10,337	3,490	8,980	57.19	2,015	1,080	33.64	413
Ky.	44,240	11.79	6,348	5,722	15,051	21.37	1,348	1,552	13.34	245
La.	37,957	21.35	9,944	9,521	25,115	36.06	4,160	1,393	24.59	427
Maine	15,010	30.83	5,387	1,582	4,478	71.91	1,208	778	31.57	298
Md.	11,546	28.28	3,889	3,822	11,058	37.86	1,487	454	31.93	162
Mass.	79,539	46.83	41,198	8,250	20,593	84.38	7,651	1,068	47.39	553
Mich.	89,453	33.55	33,663	16,859	40,327	69.02	11,601	1,330	36.21	544
Minn.	54,177	33.82	21,132	5,141	13,083	53.99	2,962	947	40.11	439
Miss.	27,540	16.62	5,217	3,400	8,940	26.27	975	1,641	23.00	408
Mo.	105,348	28.44	31,984	14,913	39,247	36.22	5,380			
Mont.	10,691	32.63	4,107	1,450	3,880	54.73	821	359	35.70	142
Nebr.	24,295	32.25	8,921	2,546	6,053	66.51	1,555	439	32.72	165
Nev.	1,947	38.84	889							
N. H.	6,588	31.29	2,394	939	2,400	71.16	711	284	32.37	104
N. J.	22,925	33.30	8,870	3,614	9,117	65.15	2,490	550	35.30	221
N. Mex.	6,724	31.11	2,320	2,862	7,503	36.55	1,188	245	28.29	83
N. Y.	104,162	37.60	46,369	28,789	69,797	81.16	23,574	3,088	42.59	1,509
N. C.	32,916	13.94	5,291	6,432	17,559	28.03	1,997	2,587	21.09	587
N. Dak.	8,712	35.03	3,539	1,481	4,129	61.14	980	119	35.59	46
Ohio	116,633	31.94	42,892	8,261	22,974	57.91	5,248	3,096	28.49	1,015
Okla.	86,691	35.50	34,793	19,780	48,279	35.02	7,116	2,014	36.69	838
Oreg.	21,015	39.53	9,457	1,431	3,547	85.77	1,277	368	48.66	213
Pa.	85,985	30.91	30,996	31,658	82,939	65.74	20,986			
R. I.	7,568	35.49	3,082	1,767	4,525	68.55	1,240	111	34.98	42
S. C.	23,402	16.09	4,173	4,325	12,627	23.61	1,093	1,039	21.18	244
S. Dak.	12,673	27.23	4,015	1,692	4,188	40.32	707	214	24.25	61
Tenn.	38,424	16.30	7,340	11,732	30,988	29.13	4,097	1,568	20.14	370
Tex.	182,561	23.95	51,004	9,343	23,089	25.31	2,672	4,885	26.69	1,398
Utah	12,828	39.12	5,971	2,081	5,578	76.25	1,710	141	40.84	66
Vt.	5,222	24.04	1,461	609	1,620	35.69	248	165	32.36	62
Va.	14,928	15.30	2,665	3,808	10,908	34.31	1,433	981	19.31	219
Wash.	65,278	53.53	40,705	5,204	12,798	99.28	4,918	634	59.61	421
W. Va.	18,944	17.22	3,641	8,002	22,254	31.58	2,653	842	19.45	184
Wis.	46,261	31.16	16,407	6,338	15,730	64.38	4,246	1,338	31.54	494
Wyo.	3,522	38.92	1,563	320	900	60.70	212	111	41.61	56

TABLE 10.—*Special types of public assistance under plans approved by the Social Security Board: Federal grants certified and total expenditures and percent from Federal funds, by program and State, fiscal year 1945–46*

[Amounts in thousands]

State	Federal grants certified [1]				Total expenditures for assistance and administration					
					Old-age assistance		Aid to dependent children		Aid to the blind	
	Total	Old-age assistance	Aid to dependent children	Aid to the blind	Amount	Percent from Federal funds	Amount	Percent from Federal funds	Amount	Percent from Federal funds
1943–44	$404,942	$340,776	$54,402	$9,764	$720,305	47.6	$148,070	38.3	$20,622	47.5
1944–45	409,985	345,738	53,892	10,355	743,984	47.3	151,398	36.4	21,729	47.4
1945–46	439,132	368,524	60,126	10,482	806,349	46.2	188,868	33.3	23,500	45.5
Ala	4,593	3,500	1,007	86	7,086	49.4	2,058	49.4	172	50.0
Alaska	304	281	23		645	43.9	51	41.8		
Ariz	2,822	2,313	394	115	4,612	50.3	824	50.0	285	42.6
Ark	3,690	2,846	697	147	5,526	49.4	1,404	50.0	278	50.0
Calif	42,297	39,114	1,803	1,380	95,157	40.9	8,062	23.4	4,059	34.7
Colo	10,227	9,300	812	114	20,642	45.0	2,597	32.3	223	50.0
Conn	3,641	3,062	551	29	6,864	45.7	2,451	21.9	63	45.0
Del	219	132	81	5	306	45.0	282	30.7	10	50.0
D. C	725	472	209	43	1,082	44.9	630	33.0	98	46.3
Fla	9,730	7,943	1,347	441	16,060	49.9	2,759	50.0	906	50.0
Ga	5,860	4,983	679	197	10,583	47.8	1,397	49.6	409	49.5
Hawaii	369	213	144	11	516	42.3	525	32.2	25	48.9
Idaho	2,205	1,866	298	41	3,945	47.4	921	32.7	90	46.8
Ill	31,321	25,290	4,967	1,065	51,716	47.7	16,180	29.3	2,306	48.7
Ind	10,520	8,859	1,290	372	18,145	49.0	3,044	44.5	762	49.9
Iowa	10,104	9,237	607	260	20,027	47.7	1,374	50.0	582	46.1
Kans	6,099	5,162	720	217	11,205	46.2	2,234	33.1	463	47.0
Ky	4,348	3,456	756	136	6,802	49.0	1,448	50.0	264	50.0
La	7,262	5,130	1,906	227	10,838	47.6	4,826	42.5	473	48.9
Maine	3,367	2,843	365	159	5,702	49.6	1,279	28.8	314	50.0
Md	2,916	2,000	831	85	4,214	48.4	1,730	50.0	173	50.0
Mass	18,525	16,617	1,676	232	43,808	39.2	8,194	22.5	581	41.2
Mich	20,297	17,445	2,569	283	35,372	49.6	12,224	26.6	568	49.7
Minn	11,628	10,318	1,096	214	22,198	48.1	3,250	35.4	489	44.5
Miss	3,426	2,703	512	211	5,630	48.6	1,059	50.0	431	50.0
Mo	19,735	16,892	2,843		33,809	49.7	5,792	50.0		
Mont	2,486	2,111	297	78	4,383	49.1	892	35.6	162	49.8
Nebr	5,294	4,708	501	84	9,426	49.7	1,686	30.8	177	50.0
Nev	468	468			951	49.1				
N. H	1,393	1,171	172	51	2,545	49.3	734	25.6	111	49.9
N. J	5,127	4,229	777	121	9,814	45.2	2,703	29.0	259	46.3
N. Mex	1,750	1,149	557	45	2,521	46.2	1,338	44.0	94	49.8
N. Y	27,890	21,095	6,064	732	51,662	41.9	26,353	24.3	1,776	42.8
N. C	4,231	2,783	1,109	340	5,738	48.4	2,213	50.0	698	50.0
N. Dak	2,031	1,686	323	22	3,774	44.8	1,068	32.7	55	45.5
Ohio	24,377	21,828	1,953	595	45,263	49.7	5,809	33.5	1,178	50.0
Okla	22,335	18,234	3,668	433	36,010	50.7	7,463	50.0	867	50.0
Oreg	5,006	4,611	307	88	9,925	45.8	1,375	23.0	222	39.1
Pa	21,635	15,334	6,302		33,415	47.9	23,174	29.8		
R. I	1,880	1,512	349	20	3,246	45.9	1,331	26.9	46	45.5
S. C	2,917	2,185	597	136	4,511	48.2	1,206	49.6	274	49.0
S. Dak	2,325	1,975	317	33	4,273	49.3	764	41.9	65	49.9
Tenn	6,277	3,899	2,184	194	7,822	49.3	4,411	50.0	387	50.0
Tex	28,805	26,581	1,516	708	52,779	50.7	3,132	50.0	1,471	50.0
Utah	3,513	3,005	477	31	6,251	47.6	1,853	26.0	70	44.3
Vt	894	739	121	34	1,532	50.1	273	50.0	71	50.0
Va	2,231	1,391	715	125	3,045	45.9	1,690	44.7	255	50.0
Wash	16,088	15,000	934	155	42,245	36.5	5,205	20.0	447	34.5
W. Va	3,362	1,900	1,368	94	3,868	49.4	2,791	50.0	195	50.0
Wis	9,742	8,220	1,255	267	17,194	50.1	4,572	29.0	537	50.0
Wyo	841	735	80	26	1,667	45.9	238	34.0	58	45.5

[1] Amounts of Federal grants certified in fiscal year; differ slightly from fiscal-year expenditures from Federal funds reported by States.

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